

SCHOOL DISTRICT
OF
TOWN
OF
HAMMONTON

Town of Hammonton Board of Education
Hammonton, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2014

Comprehensive Annual Financial Report

of the

Town of Hammonton Board of Education

Hammonton, New Jersey

For the Fiscal Year Ended June 30, 2014

Prepared by

Town of Hammonton Board of Education

Business Administration

TOWN OF HAMMONTON SCHOOL DISTRICT

TABLE OF CONTENTS

INTRODUCTORY SECTION

	Page
Letter of Transmittal	1-5
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8

FINANCIAL SECTION

	Independent Auditor's Report	9-11
	Required Supplementary Information - Part I Management's Discussion and Analysis	12-19
	Basic Financial Statements	
A	District-wide Financial Statements:	
	A-1 Statement of Net Position	20
	A-2 Statement of Activities	21
B	Fund Financial Statement	
	Governmental Funds:	
	B-1 Balance Sheet	22
	B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	23
	B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
	Proprietary Funds:	
	B-4 Statement of Net Position	25
	B-5 Statement of Revenues, Expenses, and Changes in Net Position	26
	B-6 Statement of Cash Flows	27
	Fiduciary Funds:	
	B-7 Statement of Fiduciary Net Position	28
	B-8 Statement of Changes in Fiduciary Net Position	29
	Notes to the Financial Statements	30-57

TOWN OF HAMMONTON SCHOOL DISTRICT

TABLE OF CONTENTS (continued)

	Page
Required Supplemental Information - Part II	
C Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule - General Fund	58-67
C-2 Budgetary Comparison Schedule - Special Revenue Fund	68-69
Notes to the Required Supplementary Information	
C-3 Budget-to-GAAP Reconciliation	70
Other Supplementary Information	
D School Based Budget Schedules	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	71-74
E-2 Preschool Education Aid Schedule of Expenditures - Budgetary Basis Expenditures - Budgetary Basis	75
F Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	76
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	77
F-2a Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis- Middle School HVAC	78
F-2b Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis - Middle School Windows	79
G Proprietary Funds	
Enterprise Fund:	
G-1 Combining Schedule of Net Position	80
G-2 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	81
G-3 Combining Schedule of Cash Flows	82
Internal Service Fund:	
G-4 Combining Schedule of Net Position	N/A
G-5 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-6 Combining Schedule of Cash Flows	N/A

TOWN OF HAMMONTON SCHOOL DISTRICT

TABLE OF CONTENTS (continued)

	Page
Other Supplementary Information (continued)	
H Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	83
H-2 Combining Statement of Changes in Fiduciary Net Position	84
H-3 Scholarship Expendable Trust Statement of Revenues, Expenditures and Changes in Fund Balance	85
H-4 Unemployment Trust Statement of Revenues, Expenditures and Changes in Fund Balance	86
H-5 Student Activity Schedule of Receipts and Disbursements	87
H-6 Payroll Agency Schedule of Receipts and Disbursements	88
I Long-Term Debt:	
I-1 Schedule of Serial Bonds	89
I-2 Schedule of Obligations under Capital Leases	90
I-3 Debt Service Budgetary Comparison Schedule	91

STATISTICAL SECTION (Unaudited)

Financial Trends	
J-1 Net Assets by Component	92
J-2 Changes in Net Position	93-94
J-3 Fund Balances - Governmental Funds	95
J-4 Changes in Fund Balances - Governmental Funds	96
J-5 General Fund Other Local Revenue by Source	97
Revenue Capacity	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	98
J-7 Direct and Overlapping Property Tax Rates	99
J-8 Principal Property Taxpayers	100
J-9 Property Tax Levies and Collections	101
Debt Capacity	
J-10 Ratios of Outstanding Debt by Type	102
J-11 Ratios of General Bonded Debt Outstanding	103
J-12 Direct and Overlapping Governmental Activities Debt	104
J-13 Legal Debt Margin Information	105
Demographic and Economic Information	
J-14 Demographic and Economic Statistics	106
J-15 Principal Employers	107
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	108
J-17 Operating Statistics	109
J-18 School Building Information	110
J-19 Schedule of Required Maintenance Expenditures by School Facility	111
J-20 Insurance Schedule	112

TOWN OF HAMMONTON SCHOOL DISTRICT

TABLE OF CONTENTS (continued)

SINGLE AUDIT SECTION	Page
K-1 Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	113-114
K-2 Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular Letter 04-04	115-116
K-3 Schedule of Expenditures of Federal Awards, Schedule A	117
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	118
K-5 Notes to the Schedules of Awards and Financial Assistance	119-121
K-6 Schedule of Findings and Question Costs	
Part 1 - Summary of Auditor's Results	122-123
Part 2 - Schedule of Financial Statement Findings	124
Part 3 - Schedule of Federal and State Award Findings and Questioned Costs	125-126
K-7 Summary Schedule of Prior Audit Findings	127

Introductory Section

This page intentionally left blank

Hammonton Board of Education

566 Old Forks Road
Hammonton, NJ 08037
Phone 609-567-7000 + Fax 609-561-4420
Website: www.hammontonps.org

Dr. C. DAN BLACHFORD
Superintendent of Schools

BARBARA S. PRETTYMAN
Business Administrator/Board Secretary

November 10, 2014

Honorable President and
Members of the Board of Education
Town of Hammonton School District
Atlantic County, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Town of Hammonton School District (District) for the fiscal year ended June 30, 2014, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, management's discussion and analysis, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the US. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Town of Hammonton School District is an independent reporting entity as set forth in Section 2100 of the *GASB Codification of Governmental Accounting and Financial Reporting Standards*. All funds and account groups of the District are included in this report. The Town of Hammonton Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through twelve. These include regular as well as special education for handicapped children. The District completed the 2013-2014 fiscal year with an average daily enrollment of 3,623 students, which is 28 students above the previous year's average daily enrollment. The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2013-2014	3,623	.77
2012-2013	3,595	1.55
2011-2012	3,540	.54
2010-2011	3,521	2.95
2009-2010	3,420	1.72
2008-2009	3,362	2.97
2007-2008	3,265	(.88)
2006-2007	3,294	(2.17)
2005-2006	3,367	1.99
2004-2005	3,301	1.85

2) ECONOMIC CONDITION AND OUTLOOK:

The ability to meet the standards of a "Thorough and Efficient Education" continues to be exceptionally difficult in Hammonton. For example, the New Jersey Department of Education has communicated that Hammonton is "...under adequacy by \$11,919,928. Further evidence of our lack of funding is illustrated by the "TAXPAYERS' GUIDE TO EDUCATION SPENDING." In the group Operating Type K-12 / 3501 + Pupils; we are the second lowest spending district in Budgetary Per Pupil Cost – we spend \$11,195. Additionally, it does not seem likely that our revenue will increase due to the economic conditions in Atlantic County and more specifically in the entertainment industry in Atlantic City.

Hammonton Public Schools will continue to use every possible technique to provide the students with an efficient education, as well as, a thorough education. We are an approved NJ Department of Education Choice School for grades K-12. This brings in additional funding of about \$1,600,000 to our Early Childhood Elementary School, Warren E. Sooy School, Hammonton Middle School, and Hammonton High School.

3) MAJOR INITIATIVES:

There are several new initiatives for 2014-2015. Hammonton will continue with staff development and monitoring in the areas of differentiated instruction, Sheltered Instruction Observation Protocol (SIOP), Collins Writing, and Kid Writing. Some other initiatives that are designed to improve student academic accomplishments are as follows:

- We have a new Instructional Data Management system that will let us effectively make the transition to Core Curriculum Standards and the PARCC assessments. The teachers will develop assessments that are tied to the standards. Students will complete them and the data will go directly to the teachers' computers.
- We have also re-organized our teacher led instructional improvement teams. Each school has a teacher led "Data Management" team that analyzes the results of the NJ State Assessments

and then develops instructional materials to improve our students' performance. Each school has "Instructional Management Teams" that plans instruction, develops effective pacing of lessons, and articulates with other grade levels. (All CCSS)

- We will continue to increase the integration of technology into the curriculum. (CCSS: 8.1, 8.2). In our Warren E. Sooy School and Early Childhood Education Center, every teacher has an ipad and there are 5 ipads in every classroom. At Hammonton Middle School, we have 3 additional Chrome Book carts for English and Social Studies. In Hammonton High School we have Chrome Book or ipad carts in virtually every classroom.
- Last year we implemented ST Mathematics in grades K to 5. This is a very powerful web placed math program that focuses on problem solving and focuses on the Common Core Standards (CCSS Math 5). For the 2014-2015 school year we are improving the implementation of the program to increase student performance in the program.

During the summer of 2014, the teachers developed new units in social studies. These units are highly motivational for students and focus on big ideas or topics that are highly interesting to the students.

Gr. 1 Going To School, Neighborhood News Free to be You and Me

Gr. 2 Making a Difference, Earning and Saving

Gr. 3 We the People, Biographies

Gr. 4 Immigration Through Personal Accounts, Argument and Debate

Gr. 5 Road to Freedom, Proud to Be an American

All the above topics are related to essential questions in the upper grades and the reading/writing standards.

Additionally, we have infused language arts literacy skills in each unit.

(CCSS: 3.1, 3.2, 3.3, 3.4 and 2010 English Language Arts Standard Reading).

- This year we have improved our 9th Grade Physics program. We based the program on the Physics First curriculum and supplemented it with a Rutgers Physics program. Our faculty then looked at all the topics and improved the units. The program requires that the students use a lot of mathematics while investigating science topics. (CCSS Math and Science)

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining internal controls designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal awards and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal awards and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt

service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2014.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

7) DEBT ADMINISTRATION: At June 30, 2014, the District's outstanding debt issues included \$28,794,000 of general obligation bonds. The proceeds of the bond issues were used to provide funds for the construction of the High School and Early Childhood Center and also for capital improvements to the Middle School and W.E.S. Elementary School. Capital leases outstanding at June 30, 2014 amounted to \$50,317. These leases were originally issued for the purchase of copiers and school buses.

8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 1 and 2. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9) RISK MANAGEMENT: The Hammonton Board of Education is a member of the New Jersey School Boards Association Insurance Group (NJSBAIG). The program provides school districts with a long-term alternative to the conventional insurance market as a means of stabilizing the otherwise cyclical nature of insurance expenditures. The Fund provides its member districts with the following coverage:

1. Property
2. Equipment Breakdown;
3. General and Automobile Liability;
4. Worker's Compensation;
5. School Leaders Errors and Omissions Liability;

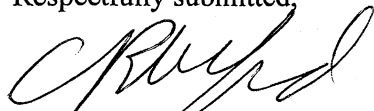
10) OTHER INFORMATION:

A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nightlinger, Colavita & Volpa, PA was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133 and New Jersey OMB Circular 04-04. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Town of Hammonton Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

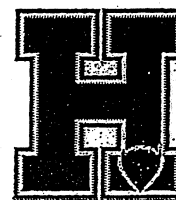
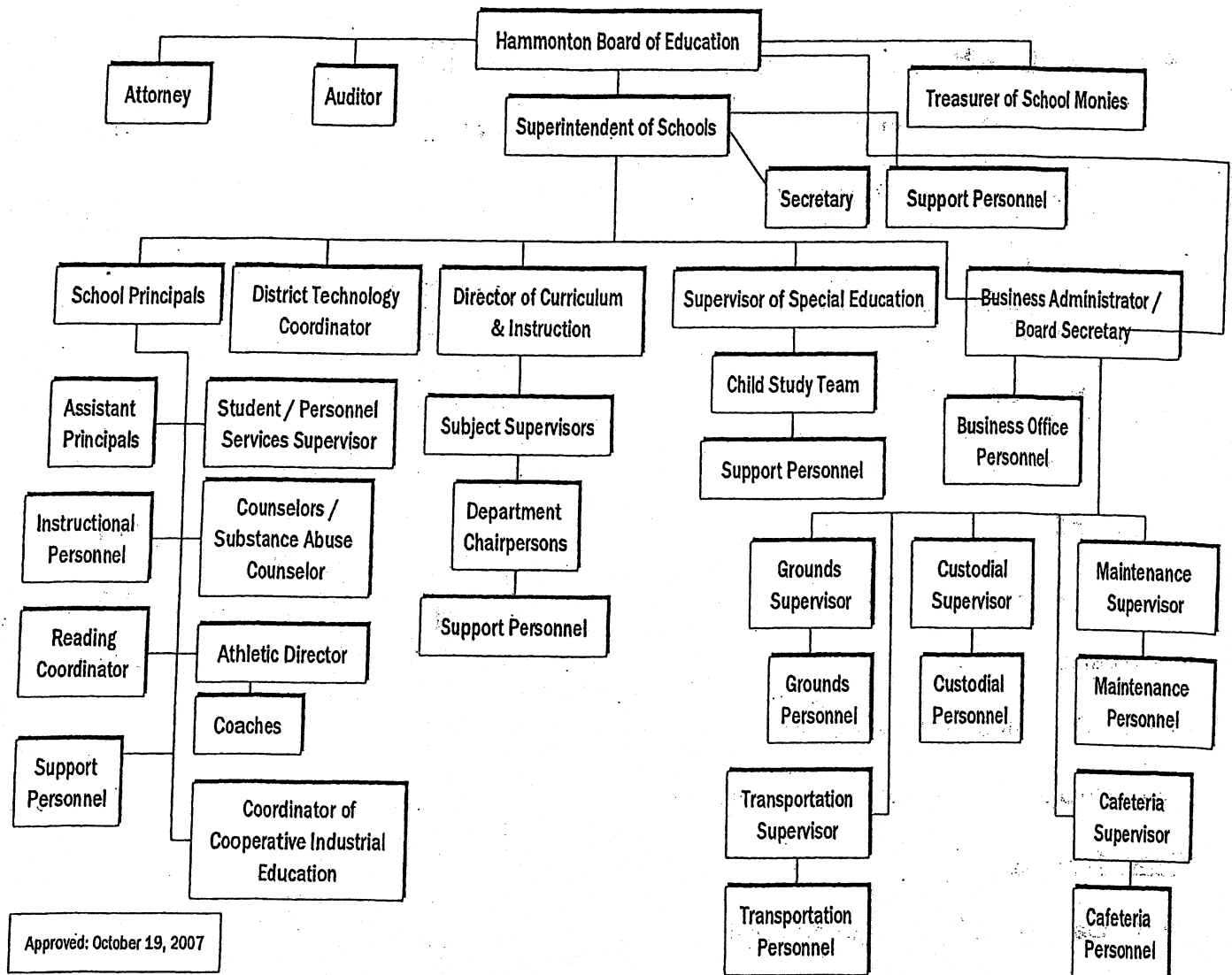


Dr. C. Dan Blachford
Superintendent



Barbara S. Prettyman
School Business Administrator/
Board Secretary

Hammonton Board of Education District Organizational Chart



TOWN OF HAMMONTON BOARD OF EDUCATION

Roster of Officials June 30, 2014

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Joseph Giraldo, President	2014
John Lyons, Vice President	2016
Thomas Attanasi	2015
Barbara Berenato	2016
Manuel Bermudez	2014
Linda Byrnes	2016
Sam Mento III	2014
Leo Petetti	2015
Eric Weiss	2015
Terri Chiddenton - Waterford Representative	2014
Lisa O'Toole - Folsom Representative	2014
<u>Other Officials</u>	
Dr. C. Dan Blachford, Superintendent	
Barbara S. Prettyman, Business Administrator/Board Secretary	
William Donio, Esq., Solicitor	

TOWN OF HAMMONTON BOARD OF EDUCATION

Consultants and Advisors

Audit Firm

Nightlinger, Colavita & Volpa, PA
991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

Attorney

William S. Donio, Esq.
Cooper Levenson
1125 Atlantic Avenue
Atlantic City, NJ 08401

Bond Counsel

McManimon and Scotland, LLC
One Riverfront Plaza
Fourth Floor
Newark, NJ 07102-5408

Official Depository

Capital Bank
245 Bellevue Avenue
Hammonton, NJ 08037

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245

November 10, 2014

INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Town of Hammonton School District
County of Atlantic, New Jersey

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Town of Hammonton School District in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2014, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hammonton Board of Education in the County of Atlantic, State of New Jersey, as of June 30, 2014, and the respective changes in financial position and cash flows, thereof where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary information

The Management Discussion and Analysis and Budgetary Comparison Information on pages 12 through 19 and 58 through 69 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hammonton Board of Education's, financial statements as a whole. The introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy For Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, long-term debt schedules and the schedules of expenditures of federal awards and state assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedure applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements a whole.

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express do not express an opinion or provide any assurance on them.

Other reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated November 10, 2014 on our consideration of the Town of Hammonton Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.

A handwritten signature in black ink, appearing to read 'Raymond Colavita', written over the printed name.

Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

Required Supplementary Information
Part I

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Town of Hammonton School District ("District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2014. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statement.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the fiscal year by \$15,142,230 (net position)
- The District's total net position increased by \$1,928,222. This increase is primarily attributable to the District's decrease in long-term liabilities.
- The District's total debt decreased by \$1,406,167 as a result of budgeted debt and lease payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *management's discussion and analysis* (this section), the basic *financial statements*, *required supplementary information*, and an optional section that presents *combining statements for special revenue, proprietary, and fiduciary funds*. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District's government, reporting on the District's operations in *more detail* than the government-wide statements.
 - The *governmental funds* statements tell how *general government* services like instruction were financed in the *short term* as well as what remains for future spending.
 - *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the District operates like businesses, such as the food service area and latchkey program.
 - *Fiduciary fund* statements provide information about the financial relationships – like the unemployment trust fund – in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Figure A-1 Major Features of Town of Hammonton Board of Education's
Government-wide and Fund Financial Statements**

	Government wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as food service and student activities	Activities the District operates similar to private businesses; food service and latchkey	Instances in which the District is the trustee or agent for someone else's resources, such as payroll agency and student activities.
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net position Statement of revenues, expenses, and changes in net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short- term and long- term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term.

Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.
------------------------------------	---	--	---	---

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health, or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the Town's property tax base and the condition of the District's facilities.

The government-wide financial statements of the District are divided into two categories:

- *Governmental activities* – most of the District's basic services are included here, such as instruction, transportation, administration, and plant operations. Property taxes and state and federal grants finance most of these activities.
- *Business-type activities* – the District charges fees to customers to help it cover the costs of certain services it provides. The District's food service and latchkey programs are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds* – not the District as a whole. Funds are accounting devices that the

District uses to keep track of specific sources of funding and spending for particular purposes.

The District has three kinds of funds:

- *Governmental funds* – Most of the District’s basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, the District’s *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for its employees’ unemployment compensation plan. It is also responsible for other assets that - because of a trust arrangement – can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District’s fiduciary activities are reported in separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District’s government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District’s governmental activities net position increased \$1,918,258 and the business-type activities net position increased \$9,964 between fiscal years 2013 and 2014.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and other assets	10,842,221	9,102,373	772,712	762,790	11,614,933	9,865,163
Capital assets	38,194,223	38,043,490	266,964	316,848	38,461,187	38,360,338
Total assets	49,036,444	47,145,863	1,039,676	1,079,638	50,076,120	48,225,501
Long-term liabilities	30,286,477	32,054,319	26,539	23,508	30,313,016	32,077,827
Other liabilities	4,556,947	2,816,782	63,927	116,884	4,620,874	2,933,666
Total liabilities	34,843,424	34,871,101	90,466	140,392	34,933,890	35,011,493

Net position						
Invested in						
capital assets	10,324,981	8,768,081	266,964	316,848	10,591,945	9,084,929
Restricted	8,301,948	9,465,074	140,000		8,441,948	9,465,074
Unrestricted	(4,433,909)	(5,958,393)	542,246	622,398	(3,891,663)	(5,335,995)
Total net position	14,193,020	12,274,762	949,210	939,246	15,142,230	13,214,008

Included in long-term liabilities are amounts due to be paid on capital leases and compensated absences.

As required by New Jersey Statutes, the unrestricted net assets of the District are not permitted to exceed 2% of total general fund expenditures, after reductions for On-behalf TPAF pension and social security and assets acquired under capital leases. Any excess must be appropriated as budgeted fund balance in the subsequent years' budget. As of June 30, 2014 the District had \$0 excess surplus.

Changes in net position. The local tax levy is 34.78% of total revenues. The municipality levies this tax on properties located in the Town and remits the collections on a monthly basis to the District.

Approximately 32.16% of the District's revenue comes from the State of New Jersey in the form of non-restricted state aid. This aid is based on the District's enrollment as well as other factors such as legislative funding of the CEIFA formula. The District expenses are primarily related to instruction, administration, and plant operations.

	<u>2014</u> <u>Amount</u>	<u>2014</u> <u>Percentage</u>	<u>2013</u> <u>Amount</u>	<u>2013</u> <u>Percentage</u>
Property taxes	17,710,591	34.78%	17,646,180	35.98%
Unrestricted Federal and State aid	16,376,166	32.16%	14,349,088	29.25%
Charges for services - Tuition	10,368,696	20.36%	10,031,406	20.45%
Transportation fees from other LEA's	89,274	.18%	106,688	.22%
Operating grants and contributions	6,204,617	12.19%	6,692,741	13.64%
Other	170,286	.33%	223,825	.46%
Totals	50,919,630	100.00%	49,049,928	100.00%

Governmental Activities

The following schedule summarizes the governmental and business-type activities of the District during the 2014 and 2013 fiscal years.

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
Revenues	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Program revenue						
Charges for services	10,457,970	10,138,094	838,640	820,182	11,296,610	10,958,276
Federal grants	1,851,806	1,768,721	843,538	771,941	2,695,344	2,540,662
State grants/entitlements	4,352,811	4,924,020	17,403	17,149	4,370,214	4,941,169
General revenues						
Property taxes	17,710,591	17,646,180			17,710,591	17,646,180
State aid entitlements	16,376,166	14,349,088			16,376,166	14,349,088
Other	170,286	223,825	1,214	3,310	171,500	227,135
Total revenues	50,919,630	49,049,928	1,700,795	1,612,582	52,620,425	50,662,510

Expenses						
Instruction:						
Regular	23,211,784	23,104,424			23,211,784	23,104,424
Special Education	4,118,687	4,471,670			4,118,687	4,471,670
Other Instruction	1,544,098	1,579,809			1,544,098	1,579,809
Support services:						
Tuition	1,809,423	1,631,360			1,809,423	1,631,360
Student & instruction related services	6,248,551	6,446,175			6,248,551	6,446,175
School admin services	2,532,936	2,551,495			2,532,936	2,551,495
General admin services	908,255	799,956			908,255	799,956
Plant operations/maintenance	4,259,158	3,950,396			4,259,158	3,950,396
Pupil transportation	2,180,090	2,179,395			2,180,090	2,179,395
Business and other support services	1,020,546	1,016,998			1,020,546	1,016,998
Interest on long term debt	1,167,844	1,200,898			1,167,844	1,200,898
Business-type activities			1,690,831	1,620,994	1,690,831	1,620,994
Total expenses	49,001,372	48,932,576	1,690,831	1,620,994	50,692,203	50,553,570
Excess(deficiency) before special item	1,918,258	117,352	9,964	(8,412)	1,928,222	108,940
Increase (decrease) in net position	1,918,258	117,352	9,964	(8,412)	1,928,222	108,940
Net position – beginning	12,274,762	12,157,410	939,246	947,658	13,214,008	13,105,068
Net position – ending	14,193,020	12,274,762	949,210	939,246	15,142,230	13,214,008

Business-type Activities

Operating revenues of the District's business-type activities increased \$88,213 over the previous year and expenses increased by \$69,837.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the year end, the governmental funds reported a combined fund balance of \$14.1 million which is approximately \$1.9 million more than the beginning of the year.

General Fund Budgetary Highlights

As further explained in the Footnotes to the Financial Statements, annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the County office and, as a Type II School District, are approved by the voters annually. Transfers of appropriations that do not exceed 10% on a cumulative basis may be made by Board resolution at any time during the fiscal year. Transfers of appropriations that exceed 10% on a cumulative basis must be approved by the Commissioner of Education. The District is permitted to encumber funds throughout the year for purchases ordered but not yet received. Any open encumbrances as of June 30th carry over to the next fiscal year and are added to the appropriation reflected in the certified budget.

During fiscal year 2014, the District budgeted \$16,212,385 and \$15,101,983 for property taxes (local tax levy) and state aid revenues, respectively. The District also received \$1,447,119 and \$2,199,696 reimbursed T.P.A.F. Social Security Aid and T.P.A.F. Pension and Medical Contributions, respectively.

The District expenditures also include the reimbursed T.P.A.F. Social Security Aid and T.P.A.F. Pension and Medical Contributions of \$1,447,119 and \$2,199,696 respectively which contributes to an expenditure variance for the fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2014, the District had invested \$38.4 million in a broad range of capital assets, including land, buildings, improvements, machinery and equipment.

	Governmental Activities		Business-type Activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	324,908	324,908			324,908	324,908
Site improvements	1,037,418	1,181,232			1,037,418	1,181,232
Bldgs and Bldg impr.	33,860,123	35,059,665			33,860,123	35,059,665
Machinery & equipment	2,971,774	1,477,685	266,964	316,848	3,238,738	1,794,533
Total	38,194,223	38,043,490	266,964	316,848	38,461,187	38,360,338

Detailed information about the District's capital assets is presented in Note 10 to the financial statements.

Long-term Obligations

All bonds are authorized in accordance with State law by the voters of the District. At the end of the current fiscal year, the District had total bonded debt outstanding of \$28,794,000 and obligations under capital leases of \$50,317.

	<u>Balance 6/30/13</u>	<u>Issued/ Refunded</u>	<u>Retired/ Adjusted</u>	<u>Balance 6/30/14</u>
Governmental Activities				
Bonds payable	\$30,104,000		1,310,000	28,794,000
Obligations under Capital leases	146,484		96,167	50,317
Compensated absences Payable	3,342,791		324,863	3,017,928
Total Governmental Activities	33,593,275		1,731,030	31,862,245
Business-type Activities				
Compensated absences Payable	\$25,953	3,031		28,984
Total Business-type Activities	25,953	3,031		28,984

More detailed information about the District's long-term obligations is presented in Note 7 to the financial statements.

The legal debt limit for the District is \$54,542,599 of which \$25,748,599 or 47.21% is available to be authorized by voter approval.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The student population in the District has increased approximately 60% over the past 10 years, resulting in a significant strain on the school district and the local taxpayers. The 2013-2014 state aid funding increased approximately \$1 million however, based on the current state of the economy, we are unable to predict what the future holds as far as future state aid allocations.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to present users (residents, receiving districts, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, contact the District's business administrator at 566 Old Forks Road, Hammonton, New Jersey 08037.

BASIC FINANCIAL STATEMENTS

DISTRICT - WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

TOWN OF HAMMONTON SCHOOL DISTRICT
Statement of Net Position
June 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$9,282,529	698,142	9,980,671
Restricted cash		140,000	140,000
Receivables, net	\$3,127	5,950	9,077
Due from other governments	\$1,416,681	60,084	1,476,765
Internal balances	\$139,884	(139,884)	
Inventory		8,420	8,420
Capital assets not being depreciated:			
Land	\$324,908		324,908
Capital assets, net of accumulated depreciation	\$37,869,315	266,964	38,136,279
Total Assets	\$49,036,444	1,039,676	50,076,120
LIABILITIES			
Accounts payable	\$1,920,975	44,184	1,965,159
Accrued interest payable	\$521,772		521,772
Intergovernmental payable	\$211,188		211,188
Unearned revenue	\$327,244	17,298	344,542
Noncurrent liabilities:			
Due within one year	\$1,575,768	2,445	1,578,213
Due beyond one year	\$30,286,477	26,539	30,313,016
Total liabilities	\$34,843,424	90,466	34,933,890
NET POSITION			
Net investment in capital assets	\$10,324,981	266,964	10,591,945
Restricted for:			
Other Purposes	\$8,301,948	140,000	8,441,948
Unrestricted	(\$4,433,909)	542,246	(3,891,663)
Total net position	\$14,193,020	949,210	15,142,230

TOWN OF HAMMONTON SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2014

Exhibit A-2

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
Instruction:							
Regular	\$17,062,491	6,149,293	10,368,696	4,160,970	(8,682,118)		(8,682,118)
Special education	3,115,277	1,003,410		342,146	(3,776,541)		(3,776,541)
Other instruction	1,149,749	394,349		134,466	(1,409,632)		(1,409,632)
Support services:							
Tuition	1,279,387	530,036		180,733	(1,628,690)		(1,628,690)
Student & instruction related services	5,108,013	1,140,538		622,020	(5,626,531)		(5,626,531)
School administrative services	1,828,165	704,771		317,299	(2,215,637)		(2,215,637)
General administrative services	789,797	118,458		40,392	(867,863)		(867,863)
Plant operations and maintenance	3,681,997	577,161		196,802	(4,062,356)		(4,062,356)
Pupil transportation	1,815,275	364,815	89,274	124,396	(1,966,420)		(1,966,420)
Business and other support services	770,113	250,433		85,393	(935,153)		(935,153)
Unallocated benefits	11,233,264	(11,233,264)			0		0
Interest on long-term debt	1,167,844				(1,167,844)		(1,167,844)
Total governmental activities	49,001,372	0	10,457,970	6,204,617	(32,338,785)		(32,338,785)
Business-type activities:							
Food Service	1,597,799		722,274	860,941		(14,584)	(14,584)
After School Program	93,032		116,366			23,334	23,334
Total business-type activities	1,690,831		838,640	860,941		8,750	8,750
Total primary government	\$50,692,203		11,296,610	7,065,558	(32,338,785)	8,750	(32,330,035)
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					16,212,385		16,212,385
Taxes levied for debt service					1,498,206		1,498,206
Federal and State aid not restricted					16,376,166		16,376,166
Investment Earnings					13,302	1,214	14,516
Miscellaneous Income					156,984		156,984
Prior year adjustment					0		0
Total general revenues, special items, adjustments, extraordinary items and transfers					34,257,043	1,214	34,258,257
Change in Net Position					1,918,258	9,964	1,928,222
Net Position—beginning (restated)					12,274,762	939,246	13,214,008
Net Position—ending					\$14,193,020	949,210	15,142,230

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund.

GOVERNMENTAL FUNDS

TOWN OF HAMMONTON SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$2,253,816	233,161	1,335,353		3,822,330
Capital reserve cash	5,460,199				5,460,199
Interfund accounts receivable	139,884				139,884
Receivables, net	3,127				3,127
Receivables from other governments	312,149	285,749	818,783		1,416,681
Total assets	<u>8,169,175</u>	<u>518,910</u>	<u>2,154,136</u>	<u>0</u>	<u>10,842,221</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	395,858	160,795	1,364,322		1,920,975
Due to other governments		211,188			211,188
Unearned revenue	135,583	191,661			327,244
Total liabilities	<u>531,441</u>	<u>563,644</u>	<u>1,364,322</u>	<u>0</u>	<u>2,459,407</u>
Fund Balances:					
Restricted:					
Capital Reserve	5,460,199				5,460,199
Tuition Reserve	1,600,000				1,600,000
Maintenance Reserve	653,659				653,659
Emergency Reserve	315,986				315,986
Special revenue fund		(44,734)			(44,734)
Assigned:					
Designated for subsequent year's expenditures	316,838		789,814		1,106,652
Committed:					
Encumbrances	82,644				82,644
Unassigned:					
General fund	(791,592)				(791,592)
Total Fund balances	<u>7,637,734</u>	<u>(44,734)</u>	<u>789,814</u>	<u>0</u>	<u>8,382,814</u>
Total liabilities and fund balances	<u>\$8,169,175</u>	<u>518,910</u>	<u>2,154,136</u>	<u>0</u>	

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

38,194,223

Accrued interest payments on long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

(521,772)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

(31,862,245)

Net position of governmental activities

\$14,193,020

TOWN OF HAMMONTON SCHOOL DISTRICT
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local tax levy	\$16,212,385			1,498,206	17,710,591
Tuition charges	10,368,696				10,368,696
Transportation fees from other leas	89,274				89,274
Interest earned on capital reserves	1,671				1,671
Interest	11,004		627		11,631
Miscellaneous	156,984				156,984
Local sources		38,541			38,541
State sources	18,749,131	727,321	818,783	395,202	20,690,437
Federal sources	59,865	1,791,941			1,851,806
Total revenues	45,649,010	2,557,803	819,410	1,893,408	50,919,631
EXPENDITURES					
Current:					
Regular instruction	14,368,143	2,061,487			16,429,630
Special education instruction	2,996,318				2,996,318
Other instruction	1,102,996				1,102,996
Support services and undistributed costs:					
Tuition	1,216,548				1,216,548
Student & instruction related services	4,739,681	233,116			4,972,797
General administrative services	775,753				775,753
School administrative services	1,667,627	76,984			1,744,611
Plant operations and maintenance	3,450,414				3,450,414
Pupil transportation	1,772,024				1,772,024
Business and other support services	740,424				740,424
Unallocated Benefits	11,057,848	175,416			11,233,264
Debt service:					
Principal				1,310,000	1,310,000
Interest and other charges				1,186,942	1,186,942
Capital outlay	395,164	8,123	1,567,225		1,970,512
Total expenditures	44,282,940	2,555,126	1,567,225	2,496,942	50,902,233
Excess (Deficiency) of revenues over expenditures	1,366,070	2,677	(747,815)	(603,534)	17,398
OTHER FINANCING SOURCES (USES)					
Prior year adjustment	0				0
Transfers in			1,537,629	416,221	1,953,850
Transfers out	(1,953,850)				(1,953,850)
Total other financing sources and uses	(1,953,850)	0	1,537,629	416,221	0
Net change in fund balances	(587,780)	2,677	789,814	(187,313)	17,398
Fund balance—July 1	8,225,514	(47,411)	0	187,313	8,365,416
Fund balance—June 30	\$7,637,734	(44,734)	789,814	0	8,382,814

TOWN OF HAMMONTON SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2014

Total net change in fund balances - governmental funds (from B-2) **\$17,398**

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the period.

Depreciation expense	(1,656,621)	
Capital outlays	<u>1,807,355</u>	150,734

Repayment of long term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities 1,310,000

Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is reported in the statement of activities. 96,167

Payment of accrued interest on long term debt is an expenditure in the governmental funds, but the payment reduces the liability in the statement of net position and is not reported in the statement of activities. 19,097

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

324,862

Change in net position of governmental activities **\$1,918,258**

PROPRIETARY FUNDS

TOWN OF HAMMONTON SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2014

	Business-type Activities - Enterprise Funds		
	Food Service	Latchkey Program (Non Major Fund)	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$615,384	82,758	698,142
Restricted cash	140,000	0	140,000
Accounts receivable	60,084		60,084
Other accounts receivable	5,196	754	5,950
Inventories	8,420		8,420
Total current assets	<u>829,084</u>	<u>83,512</u>	<u>912,596</u>
Noncurrent assets:			
Furniture, machinery & equipment	674,861	119,467	794,328
Less accumulated depreciation	<u>(502,771)</u>	<u>(24,593)</u>	<u>(527,364)</u>
Total noncurrent assets	<u>172,090</u>	<u>94,874</u>	<u>266,964</u>
Total assets	<u><u>1,001,174</u></u>	<u><u>178,386</u></u>	<u><u>1,179,560</u></u>
LIABILITIES			
Current liabilities:			
Interfund Accounts Payable	133,016	6,868	139,884
Accounts Payable	43,948	236	44,184
Unearned Revenue	13,668	3,630	17,298
Compensated absences	26,273	2,711	28,984
Total current liabilities	<u>216,905</u>	<u>13,445</u>	<u>230,350</u>
Total liabilities	<u>216,905</u>	<u>13,445</u>	<u>230,350</u>
NET POSITION			
Net investment in capital assets	172,090	94,874	266,964
Restricted	140,000		140,000
Unrestricted	472,179	70,067	542,246
Total net position	<u><u>\$784,269</u></u>	<u><u>164,941</u></u>	<u><u>949,210</u></u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	Business-type Activities - Enterprise Fund		
	Food Service	Latchkey Program (Non Major Fund)	Total Enterprise
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	\$355,183		355,183
Daily sales - non-reimbursable programs	321,727		321,727
Special functions	45,021		45,021
Miscellaneous	343		343
Latchkey program revenue		116,366	116,366
Total operating revenues	<u>722,274</u>	<u>116,366</u>	<u>838,640</u>
Operating expenses:			
Cost of sales	764,654		764,654
Salaries	475,397	74,106	549,503
Employee benefits	225,458	6,004	231,462
General supplies & materials	65,271	5,481	70,752
Other costs	24,577		24,577
Depreciation	42,442	7,441	49,883
Total operating expenses	<u>1,597,799</u>	<u>93,032</u>	<u>1,690,831</u>
Operating (loss)	<u>(875,525)</u>	<u>23,334</u>	<u>(852,191)</u>
Nonoperating revenues:			
State sources:			
State school lunch program	17,403		17,403
Federal sources:			
National school lunch program	642,902		642,902
National school breakfast program	124,199		124,199
National school snack program	714		714
Food distribution program	75,723		75,723
Interest and investment revenue	1,101	113	1,214
Total nonoperating revenues	<u>862,042</u>	<u>113</u>	<u>862,155</u>
Change in net position	<u>(13,483)</u>	<u>23,447</u>	<u>9,964</u>
Total net position—beginning	<u>797,752</u>	<u>141,494</u>	<u>939,246</u>
Total net position—ending	<u>\$784,269</u>	<u>164,941</u>	<u>949,210</u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds		
	Food Service	Latchkey Program (Non Major Fund)	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$720,374	113,476	833,850
Payments to employees	(633,990)	(80,889)	(714,879)
Payments to suppliers	(831,725)	(5,481)	(837,206)
Net cash provided/(used) by operating activities	(745,341)	27,106	(718,235)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash received from state and federal reimbursements	754,468		754,468
Net cash provided by non-capital financing activities	754,468	0	754,468
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	0	0	0
Net cash (used) by capital and related financing activities	0	0	0
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	1,101	113	1,214
Net cash provided by investing activities	1,101	113	1,214
Net increase (decrease) in cash and cash equivalents	10,228	27,219	37,447
Balances—beginning of year	745,156	55,539	800,695
Balances—end of year	\$755,384	82,758	838,142
Reconciliation of operating income/(loss) to net cash provided/(used) by operating activities:			
Operating income/(loss)	(\$875,525)	\$23,334	(852,191)
Adjustments to reconcile operating income(loss) to net cash provided/(used) by operating activities			
Depreciation and net amortization	42,442	7,441	49,883
Federal commodities	75,723		75,723
(Increase)/Decrease in accounts receivable, net	(4,014)	322	(3,692)
Decrease in inventories	(851)		(851)
(Decrease)/Increase in accounts payable	(52,095)	236	(51,859)
(Decrease)/Increase in interfund accounts payable	64,157	(1,338)	62,819
(Decrease)/Increase in unearned revenue	2,114	(3,212)	(1,098)
(Decrease)/Increase in compensated absences payable	2,708	323	3,031
Total adjustments	130,184	3,772	133,956
Net cash provided/(used) by operating activities	(\$745,341)	27,106	(718,235)

FIDUCIARY FUNDS

TOWN OF HAMMONTON SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and cash equivalents	\$264,244	55,548	344,878
	<hr/>	<hr/>	<hr/>
Total assets	<u>264,244</u>	<u>55,548</u>	<u>344,878</u>
LIABILITIES			
Accounts payable	7,899		
Payroll deductions and withholdings			33,529
Payable to student groups			311,349
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>7,899</u>	<u>0</u>	<u>344,878</u>
NET POSITION			
Held in trust for unemployment claims and other purposes	<u>\$256,345</u>	<u>55,548</u>	

TOWN OF HAMMONTON SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2014

	Unemployment Compensation Trust	Private Purpose Scholarship Fund
ADDITIONS		
Contributions:		
Plan member	\$46,559	
Total Contributions	<u>46,559</u>	<u>0</u>
Investment earnings:		
Interest	405	86
Net investment earnings	<u>405</u>	<u>86</u>
Total additions	<u>46,964</u>	<u>86</u>
DEDUCTIONS		
Unemployment claims	28,384	
Scholarships awarded		3,700
Charges		102
Total deductions	<u>28,384</u>	<u>3,802</u>
Change in net position	18,580	(3,716)
Net position—beginning of the year	237,765	59,264
Net position—end of the year	<u>\$256,345</u>	<u>55,548</u>

Town of Hammonton School District
Notes to Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Hammonton School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education (Board) of the Town of Hammonton School District (District) have been prepared in conformity with accounting principles generally accepted in the United State of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are discussed below.

A. REPORTING ENTITY:

The Town of Hammonton School District is a Type II district located in the County of Atlantic, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. In addition, one member is appointed from the Folsom School District and the Waterford School District under a sending/receiving relationship, as required by the statutes. Effective with the 2013 fiscal year, the election of Board Members was moved to the general election in November resulting in the members whose term would have expired in April, 2013 being carried over to December 31, 2013. The purpose of the district is to educate students in grades K-12 as well as providing educational services for the Borough of Folsom students in grades 9-12 and the Township of Waterford students in grades 7-12. Beginning with the 2011-2012 school year, the District was approved as a Choice School. The Town of Hammonton School District had an approximate enrollment at June 30, 2014 of 3,629 students.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

Town of Hammonton School District
Notes to Financial Statements
June 30, 2014

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS:

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general, special revenue, capital projects and debt service activities are classified as governmental activities. The District's food service and latchkey program are classified as business-type activities.

In the governmental-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements however, interfund balances between the governmental funds and business-type activities are reflected as internal balances. The District's net positions are reported in three parts-net investments in capital assets; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities (food service and latchkey). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, special education, student & instruction related services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, tuition, interest income, etc.).

- a. The District does allocate indirect costs such as depreciation expense, compensated absences, bond issues costs, On-behalf TPAF Pension Contributions, and Reimbursed TPAF Social Security Contributions.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Fiduciary funds are excluded from the government-wide financial statements.

Town of Hammonton School District
Notes to Financial Statements
June 30, 2014

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS:

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements. The State of New Jersey Department of Education has mandated that all New Jersey School Districts must report all governmental funds as major, regardless of the fund meeting the GASB definition of a major fund. However, the criteria are applied to the proprietary funds.

The following fund types are used by the District:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District.

- a. **General fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special revenue** funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose. The special revenue fund is specifically used to account for state and federal grant monies that have been allocated to the District.
- c. **Capital projects** funds are used to account for all financial resources to be used for the acquisition or construction of major capital facilities. The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.
- d. **Debt service** funds are used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Town of Hammonton School District
Notes to Financial Statements
June 30, 2014

Fund Balances – Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

The details of the fund balances are included in the Governmental Funds Balance Sheet. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the District:

- a. **Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designated to recover similar costs. The District operates a food service fund to provide a child nutrition program for

**Town of Hammonton School District
Notes to Financial Statements
June 30, 2014**

the students of the district and a Latchkey Program to provide before and after school care for school aged children in grades Pre-K through 5.

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position. They are reported using accounting principles similar to proprietary funds.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Trust and Agency Funds – The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expendable Trust Funds – are accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. Expendable Trust Funds include the Unemployment Compensation Insurance Trust and the Scholarship Fund.

Agency Funds – are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activity funds.

D. BASIS OF ACCOUNTING:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net positions are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net positions. Depreciation is

Town of Hammonton School District
Notes to Financial Statements
June 30, 2014

charged as an expense against current operations and capital assets are reported net of accumulated depreciation on the statement of net position.

The governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the end of the fiscal year. Revenue from federal, state and other grants designated for payment of specific school district expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures are generally recorded when the related liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

The District applies only those applicable pronouncements of the Financial Accounting Standards Board issued on or before November 30, 1989 in accounting and reporting for its proprietary operations.

E. BUDGETS/BUDGETARY CONTROL:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2(g). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. However, any transfer that cumulatively exceeds ten percent of the advertised budget category must receive the approval of the County Superintendent of Schools.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the

Town of Hammonton School District
Notes to Financial Statements
June 30, 2014

related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

Significant transfers approved by the Board of Education during the fiscal year were as follows:

<u>Account Name</u>	<u>Amount</u>
Regular Programs – Salaries of Teachers 1-5	110,000
Regular Programs – General Supplies	(178,179)
Regular Programs –Textbooks	(265,913)
Resource Room - Salaries	(197,463)
Required Maintenance – Cleaning, Repair and Maintenance Services	237,801
Unallocated Benefits – Health Benefits	(637,552)
Equipment – Admin. Information Technology	155,862

F. ENCUMBRANCE ACCOUNTING:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

G. ASSETS, LIABILITIES AND EQUITY:

Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Town of Hammonton School District
Notes to Financial Statements
June 30, 2014

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

NJSA 17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental units.

Investments

Investments, including deferred compensation and pension funds, are stated at fair value, (quoted market price or the best available estimate). Interest earned on investments in the Capital Projects Fund is recognized as a reserve to pay future debt service or transferred to the general fund.

Interfund Transactions

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the Enterprise Fund. Repayments from funds responsible for particular expenditure/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories

Inventories, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Inventories in the enterprise fund are recorded at cost, computed on a first-in, first-out method.

Town of Hammonton School District
Notes to Financial Statements
June 30, 2014

Capital Assets

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated assets are reported as capital assets at their estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed on the straight-line basis over their estimated useful lives. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 20 years for equipment.

Compensated Absences

The District accounts for compensated absences (e.g. sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policies. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the district for the unused sick leave in accordance with the District's agreements with the various employee unions.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

**Town of Hammonton School District
Notes to Financial Statements
June 30, 2014**

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received in the Special Revenue Fund before they have been earned are recorded as unearned revenue.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that once incurred are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation reduced by the outstanding balance of any debt used for the acquisition, construction or improvement of those assets.

Net positions are reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the School district, or through external restrictions imposed by creditors, grantors, or law or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance Reserves

In accordance with Governmental Accounting Standards Board Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classified governmental fund balances as follows;

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual restraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Town of Hammonton School District
Notes to Financial Statements
June 30, 2014

- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board of Education, Superintendent or Business Administrator.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

Revenues

Substantially all governmental fund revenues are accrued. Property taxes are susceptible to accrual and under New Jersey State Statutes a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. In the proprietary funds, operating revenues consist of revenues that are a direct result of the operations of the program. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue. With respect to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient.

Expenditures

Expenses are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

Tuition Payable

Tuition charges for the fiscal year were based on rates established by the receiving districts. These rates are subject to change when the actual costs have been determined.

**Town of Hammonton School District
Notes to Financial Statements
June 30, 2014**

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those results.

Allocation of Costs

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses such as depreciation, compensated absences and employee benefits are allocated to functions but are reported separately in the Statement of Activities.

H. ACCOUNTING CHANGES

Change in Accounting Principles – As the result of implementing Governmental Accounting Standards Board (GASB) Statements Nos. 63 and 65, the District restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of July 1, 2013 by \$200,686. The decrease results from no longer deferring and amortizing bond issuance costs.

I. RECENT ACCOUNTING PRONOUNCEMENTS

In April 2012, GASB issued Statement No. 66 “Technical Corrections – 2012 – an amendment of GASB Statement No. 10 and No. 62”. This statement which resolves conflicts between Statements No. 10 and No. 54 provides more flexibility in fund classifications for risk based activities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the District’s financial reporting.

In June 2012, GASB issued Statement No. 67 “Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25”. This statement, which is effective for fiscal periods beginning after June 15, 2013 will not have any effect on the District’s financial reporting.

In June 2012, GASB issued Statement No. 68 “Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27”. This statement, which is effective for fiscal periods beginning after June 15, 2014, will have any effect on the District’s financial reporting.

In January 2013, GASB issued Statement No. 69 “Government Combinations and Disposals of Government Operations”. This statement, which is effective for fiscal periods beginning after December 15, 2013 will not have any effect on the District’s financial reporting.

In April 2013, GASB issued Statement No. 70 “Accounting and Financial Reporting for Non-exchange Financial Guarantees”. This statement, which is effective for fiscal periods beginning after June 15, 2013 will not have any effect on the District’s financial reporting.

Town of Hammonton School District
Notes to Financial Statements
June 30, 2014

In November 2013, GASB issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68". The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The impact of this statement on the net position of the entity is not presently determinable; but it is anticipated to be significant.

NOTE 2. – INVESTMENTS

As of June 30, 2014, the district had no investments. However, if the District had investments they would be subject to the following risks.

Interest Rate Risk. The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk. New Jersey Statutes 18A:20-37 limits district investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the district or the local units in which the district is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk. The district places no limit on the amount the district may invest in any one issuer.

NOTE 3. – CASH

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The district's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. At June 30, 2014, the carrying amount of the District's deposits (cash and cash equivalents) was \$10,785,341 and the bank balance was \$12,106,318.

As of June 30, 2014, the School District's bank balance was exposed to custodial credit risk as follows:

FDIC Insured	250,000
GUDPA Insured	11,856,318
Bank balance, June 30, 2014	<u><u>\$12,106,318</u></u>

Town of Hammonton School District
Notes to Financial Statements
June 30, 2014

NOTE 4 – RECEIVABLES

Receivables at June 30, 2014, consisted of other receivables (tuition, taxes and other), interfund and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Government Wide Financial Statements
State and Federal Aid	\$ 1,372,378	\$ 1,432,462
Other	47,430	53,380
Total Receivables, Net	<u>\$ 1,419,808</u>	<u>\$ 1,485,842</u>

NOTE 5. INVENTORY

Inventory in the Food Service Enterprise Fund at June 30, 2014, consisted of the following:

Food	\$ 5,921
Supplies	2,499
	<u>\$ 8,420</u>

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Disposals /</u> <u>Adjustments</u>	<u>Balance</u> <u>June 30, 2014</u>
Governmental Activities:				
Capital assets that are not being depreciated:				
Land	\$ 324,908			324,908
Construction in Progress	0	1,567,225		1,567,225
Total capital assets not being depreciated	<u>324,908</u>	<u>1,567,225</u>		<u>1,892,133</u>
Site improvements	3,485,640	25,632		3,511,272
Bldg and bldg improve	52,305,784	3,025		52,308,809
Machinery & equipment	5,561,468	211,473		5,772,941
Total at historical cost	<u>61,352,892</u>	<u>240,130</u>		<u>61,593,022</u>
Less accum depr for:				
Site improvements	(2,304,408)	(169,445)		(2,473,854)
Bldg and bldg improve	(17,246,119)	(1,202,567)		(18,448,686)

Town of Hammonton School District
Notes to Financial Statements
June 30, 2014

Machinery & equipment	(4,083,783)	(284,609)		(4,368,392)
Total accum deprec	(23,634,310)	(1,656,621)		(25,290,932)
Total capital assets being depr, net of accum depr	37,718,582	(1,416,491)		36,302,090
Governmental activities capital assets, net	38,043,490	150,734		38,194,223
Business-type activities:				
Equipment	794,328			794,328
Less accum deprec for:				
Equipment	(477,480)	(49,884)		(527,364)
Business-type activities capital assets, net	\$ 316,848	(49,884)		266,964

Depreciation expense as charged to governmental functions as follows:

Regular instruction	906,864
Special education	147,977
Other instruction	58,157
Tuition	78,167
Student & instruction related services	168,200
School administrative services	103,936
General administrative services	17,470
Plant operations and maintenance	85,117
Pupil transportation	53,801
Business and other support services	36,932
	\$ 1,656,621

NOTE 7. LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended June 30, 2014 was as follows:

	Balance			Balance	Amounts
	6-30-13	Issued	Retired	6-30-14	Due Within
					One year
Governmental Activities					
Bonds & loans payable:					
School bonds	\$ 30,104,000		1,310,000	28,794,000	1,330,000
Obligations under capital					
Leases	146,484		96,167	50,317	50,317

Town of Hammonton School District
Notes to Financial Statements
June 30, 2014

Other liabilities:

Compensated absences Payable	3,342,791		324,863	3,017,928	195,451
Governmental activities long-term liabilities	33,593,275	0	1,731,030	31,862,245	1,575,768

Business-type Activities:

Other liabilities:

Compensated absences Payable	25,953	3,031		28,984	2,445
Business-type activities long-term liabilities	\$ 25,953	3,031		28,984	2,445

Compensated absences and capital leases will be liquidated in the General Fund.

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

Description of Bonds Payable

At June 30, 2014, bonds payable consisted of the following issues:

\$21,611,000 School Bonds dated 10/15/2001 payable in annual installments through August 1, 2012. Interest is paid semiannually at a fixed rate of 4.75% per annum. The balance as of June 30, 2014 was \$0. \$7,385,000 of these bonds were refunded on 9/19/06. The net present value savings amounted to \$426,798. \$10,890,000 of these bonds were refunded on 3/23/10. The net present value savings amounted to \$449,777.

\$10,890,000 School Bonds dated 3/23/2011 payable in annual installments through August 1, 2025. Interest is paid semiannually at varying rates between 2.00% and 5.00% per annum. The balance as of June 30, 2014 was \$9,510,000.

\$7,385,000 School Bonds dated 9/19/2006 payable in annual installments through August 1, 2030. Interest is paid semiannually at varying rates between 3.00% and 4.20% per annum. The balance as of June 30, 2014 was \$7,300,000.

\$2,614,000 School Bonds dated 4/15/2006 payable in annual installments through July 15, 2021. Interest is paid semiannually at varying rates between 4.25% and 4.30% per annum. The balance as of June 30, 2014 was \$1,584,000.

\$11,800,000 School Bonds dated 6/24/2011 payable in annual installments through July 1, 2030.

Town of Hammonton School District
Notes to Financial Statements
June 30, 2014

Interest is paid semiannually at varying rates between 3.25% and 4.125% per annum. The balance as of June 30, 2014 was \$10,400,000.

Debt service requirements on serial bonds payable at June 30, 2014 are as follows:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	1,330,000	1,150,211	2,480,211
2016	1,365,000	1,102,860	2,467,860
2017	1,455,000	1,042,666	2,497,666
2018	1,505,000	978,661	2,483,661
2019	1,550,000	912,237	2,462,237
2020-2024	8,154,000	3,585,039	11,739,039
2025-2029	9,155,000	1,872,389	11,027,389
2030-2031	4,280,000	180,469	4,460,469
	<u>\$ 28,794,000</u>	<u>10,824,532</u>	<u>39,618,532</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2014 the Board had authorized but not issued bonds in the amount of \$0.

C. Capital Leases Payable:

The District is leasing equipment and copiers totaling \$50,317 under capital leases. Semiannual lease payments are made to TD Bank and DLL, and include interest at a rate of 4.15% to 5.472% per annum. Assets acquired under the leases are included in the general fixed assets of the District; but the District has not segregated those assets or the related depreciation expense. The following is a schedule of the future minimum lease payments under these capital leases and the net minimum lease payments at June 30, 2014.

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	50,317	1,872	52,189
Total	<u>\$ 50,317</u>	<u>1,872</u>	<u>52,189</u>

NOTE 8. PENSION PLANS

Description of Plans

All required employees of the District are covered by either the Public Employees' Retirement System, the Teacher's Pension and Annuity Fund or the Defined Contribution Retirement Program which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey

Town of Hammonton School District
Notes to Financial Statements
June 30, 2014

Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at http://www.state.nj.us/treasury/pensions/annrpts_archive.htm

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund (TPAF) was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple- employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple- employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L.2008 and Chapter 103, P.L. 2008, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's

Town of Hammonton School District
Notes to Financial Statements
June 30, 2014

contribution amounts for each pay period are required to be transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

Vesting and Benefit Provisions – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Contribution Requirements – The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

The School District's contributions to PERS for the years ending June 30, 2014, 2013, 2012 were \$512,082, \$507,064 and \$520,781 respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2014, 2013 and 2012, the State of New Jersey contributed \$2,199,696, \$2,661,875 and \$1,850,529 respectively, to the TPAF for post-retirement medical benefits and NCGI Premium on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$1,447,119, \$1,445,363 and \$1,587,393 during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in GASB 27.

**Town of Hammonton School District
Notes to Financial Statements
June 30, 2014**

Significant Legislation

Chapter 78, P.L. 2011, effective June 23, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method of amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to $\frac{1}{60}$ th from $\frac{1}{55}$ th, and it provided

Town of Hammonton School District
Notes to Financial Statements
June 30, 2014

that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

NOTE 9. POST-RETIREMENT BENEFITS

The School District contributes to the New Jersey State Health Benefits Program (the SHBP), a cost sharing multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP provides medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The SHBP is found in the New Jersey Statutes Annotated, Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The Division of Pension and Benefits issues a publicly available financial report that includes the financial statements and required supplementary information for the PERS and TPAF. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Chapter 384 of P.L. 1987 and Chapter 6 of P.L. 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, C.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement

Town of Hammonton School District
Notes to Financial Statements
June 30, 2014

medical benefits for retired State employees and retired educational employees. As of June 30, 2013, there were 100,134 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, C.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 C.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$173.8 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2013.

NOTE 10. DEFERRED COMPENSATION

The Board offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Ameriprise Financial
American Century Services
ASpire Financial Services
TPAF Supplemental Annuity
Putnam Funds
Lincoln Investment Planning
Syracusa Benefits Program
Vanguard Investments
AXA Equitable Life Insurance Company
Great American Financial Resources

NOTE 11. COMPENSATED ABSENCES

The District accounts for compensated absences (e.g. sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policies. Sick leave benefits provide for ordinary sick pay and is capped based on the various employee contracts.

Town of Hammonton School District
Notes to Financial Statements
June 30, 2014

In the district-wide Statement of Net Position, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2014, a liability existed for compensated absences in the Food Service Program and the Latchkey Program in the amounts of \$26,273 and \$2,711, respectively.

NOTE 12. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Town of Hammonton Board of Education in a prior year, which was certified for taxes, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to NJAC 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2013 to June 30, 2014 fiscal year is as follows:

Beginning balance, July 1, 2013	\$5,507,535
Interest Earnings	1,671
Deposits – Board Resolution June 26, 2014	4,530,371
Budgeted Withdrawal	<u>(4,579,378)</u>
Ending balance, June 30, 2014	<u>5,460,199</u>

The 2014-2015 Budget includes a withdrawal from the Capital Reserve Account in the amount of \$581,124.

NOTE 13. EMERGENCY RESERVE

New Jersey Statute 18A:7F-41(c) permits school districts to establish a current expense emergency reserve in the general fund with deposits made to the account with voter approval, beginning in the fiscal year 2008 budget process, or at year end by board resolution. This reserve account is to be used to finance future unanticipated (reasonably unforeseeable) general fund expenditures required for a thorough and efficient education. The emergency reserve balance

Town of Hammonton School District
Notes to Financial Statements
June 30, 2014

cannot exceed \$250,000 or one percent of the district's general fund budget (which amounts to \$490,883 for the 2014 fiscal year) up to a maximum of \$1 million, whichever is greater. Withdrawals require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health costs greater than four percent.

The activity in the emergency reserve for the 2014 fiscal year is as follows:

Beginning balance, July 1, 2013	\$ 315,984
Interest Earnings	2
Ending balance, June 30, 2014	<u>\$ 315,986</u>

NOTE 14. MAINTENANCE RESERVE

New Jersey Statute 18A:7G-9 permits school districts to accumulate funds for the required maintenance of a facility in accordance with EFCFA. The balance may only be increased through an appropriation in the annual general fund budget certified for taxes. Upon completion of a school facilities projects, districts are required to submit a plan for maintenance of that facility.

The activity in the maintenance reserve for the 2014 fiscal year is as follows:

Beginning balance, July 1, 2013	\$ 656,526
Interest Earnings	5
Deposits – Board Resolution June 26, 2014	650,782
Budgeted Withdrawal	(653,654)
Ending balance, June 30, 2014	<u>653,659</u>

The 2014-2015 Budget includes a withdrawal from the Maintenance Reserve Account in the amount of \$138,500.

NOTE 15. TUITION RESERVE 2011-2012

New Jersey Statute permits school districts to accumulate funds for tuition adjustments. The district shall make full appropriation of the reserve for tuition adjustments in the second year following the contract year.

The activity in the tuition reserve for the 2014 fiscal year is as follows:

Beginning balance, July 1, 2013	\$ 800,000
Budget Appropriation	(800,000)
Ending balance, June 30, 2014	<u>\$ 0</u>

Town of Hammonton School District
Notes to Financial Statements
June 30, 2014

NOTE 16. TUITION RESERVE 2012-2013

New Jersey Statute permits school districts to accumulate funds for tuition adjustments. The district shall make full appropriation of the reserve for tuition adjustments in the second year following the contract year.

The activity in the tuition reserve for the 2014 fiscal year is as follows:

Beginning balance, July 1, 2013	\$ 800,000
Budget Appropriation	0
Ending balance, June 30, 2014	<u>\$ 800,000</u>

The 2014-2015 Budget includes a withdrawal from the Tuition Reserve Account in the amount of \$800,000.

NOTE 17. TUITION RESERVE 2013-2014

New Jersey Statute permits school districts to accumulate funds for tuition adjustments. The district shall make full appropriation of the reserve for tuition adjustments in the second year following the contract year.

The activity in the tuition reserve for the 2014 fiscal year is as follows:

Beginning balance, July 1, 2013	\$ 0
Board Resolution, dated June 26, 2014	800,000
Ending balance, June 30, 2014	<u>\$ 800,000</u>

NOTE 18. DEFICIT FUND BALANCES

The District has a deficit fund balance of \$791,592 in the General Fund and \$44,734 in the Special Revenue Fund as of June 30, 2014 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the school district can not recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Town of Hammonton School District
Notes to Financial Statements
June 30, 2014

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of correction action. The District deficit in the GAAP funds statement of \$791,592 in the General Fund and \$44,734 in the Special revenue fund is equal to or less than the last state payment(s).

NOTE 19. FUND BALANCES

Restricted Fund Balance

Capital Reserve – As of June 30, 2014, there is a balance of \$5,460,199 in the Capital Reserve Account of which \$581,124 has been appropriated and included as anticipated revenue for the year ended June 30, 2015.

Tuition Reserve – As of June 30, 2014, there is a balance of \$800,000 in the 2012/2013 Tuition Reserve Account which has been included as anticipated revenue for the year ended June 30, 2015; and \$800,000 in the 2013-2014 Tuition Reserve Account.

Maintenance Reserve – As of June 30, 2014, there is a balance of \$653,659 in the Maintenance Reserve Account of which \$138,500 has been appropriated and included as anticipated revenue for the year ended June 30, 2015.

Emergency Reserve – As of June 30, 2014, there is a balance of \$315,986 in the Emergency Reserve Account of which \$0 has been appropriated and included as anticipated revenue for the year ended June 30, 2015.

Special Revenue Fund Deficit – As of June 30, 2014, the special revenue fund deficit is \$44,734. The deficit is a result from the delay in the payment of state aid until the following fiscal year.

Debt Service Fund – As of June 30, 2014, there is a balance of \$0 in the Debt Service Fund which has been appropriated and included as anticipated revenue for the year ended June 30, 2015.

Assigned Fund Balance – As of June 30, 2014, \$316,838 has been included as anticipated revenue for the year ended June 30, 2015.

Committed Fund Balance – As of June 30, 2014, \$82,644 is for year-end encumbrances.

Unassigned Fund Balance Deficit – As of June 30, 2014, the unassigned fund balance of the general fund was a deficit of \$791,592. The deficit is a result from the delay in the payment of state aid until the following fiscal year.

Town of Hammonton School District
Notes to Financial Statements
June 30, 2014

NOTE 20. CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, as amended, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2014 is \$0.

NOTE 21. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability and surety bonds. During the fiscal year ended June 30, 2014 the District did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

New Jersey Unemployment Compensation Insurance – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending (deficit) balance of the District's expendable trust fund for the current and prior two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013-2014	\$0	46,559	405	(28,384)	256,345
2012-2013	0	45,096	920	(24,135)	237,765
2011-2012	0	45,063	3,378	(94,886)	215,884

NOTE 22. ECONOMIC DEPENDENCY

The District is heavily reliant on local property taxation to fund the District operations and debt service. Property taxes funded approximately 35% of the Districts 2013-2014 governmental operations.

NOTE 23. RESTATEMENT OF NET POSITION

The costs associated with the issues of various bonds are expensed in the governmental funds in the year the bonds are issued, but have previously been capitalized in the Statement of Net Position. The bond issuance costs were \$248,962 and the accumulated amortization was \$48,276, resulting in an unamortized balance of \$200,686 as of June 30, 2012. In accordance

Town of Hammonton School District
Notes to Financial Statements
June 30, 2014

with GASB Statement No. 65, the June 30, 2012 net position was restated in the prior year to eliminate the deferred charge related to debt issuance costs.

NOTE 24. RESTATEMENT OF BALANCES

Certain accounts have been restated in the prior year to conform to categories established in the current year. The amounts are immaterial to the financial statements.

NOTE 25. INTERFUND RECEIVABLES AND PAYABLES

The following Interfund balances remained on the balance sheet at June 30, 2014:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 139,884	
Food Service Fund		\$ 133,016
Latchkey Program		6,868
	\$ <u>139,884</u>	\$ <u>139,884</u>

Interfunds were created throughout the year due to short term borrowings to cover cash flow needs in the various funds. The interfunds between the governmental funds and the business-type activities are shown as Internal Balances on the governmental-wide financial statements.

NOTE 26. SUBSEQUENT EVENTS

Approximately \$140,000 will be needed from the Food Service Enterprise Fund to replace cafeteria equipment for the 2014-2015 school year.

Required Supplementary Information
Part II

TOWN OF HAMMONTON SCHOOL DISTRICT

Exhibit C-1

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$16,212,385		16,212,385	16,212,385	0
Tuition	10,118,051		10,118,051	10,368,696	250,645
Transportation Fees from Other LEA's	100,000		100,000	89,274	(10,726)
Interest earned on Capital Reserves			0	1,671	1,671
Interest earned			0	11,004	11,004
Miscellaneous	10,000		10,000	156,984	146,984
Total - Local Sources	26,440,436	0	26,440,436	26,840,014	399,578
State Sources:					
Equalization Aid	11,214,703		11,214,703	11,214,703	0
Categorical Special Education Aid	1,396,079		1,396,079	1,396,079	0
Categorical Security Aid	129,159		129,159	129,159	0
Categorical Transportation Aid	132,393		132,393	132,393	0
Special Education Extraordinary Aid	99,363		99,363	192,009	92,646
Public School Choice Aid	1,630,286		1,630,286	1,630,286	0
UnderAdequacy Aid	500,000		500,000	500,000	0
Non Public Transportation Aid				4,395	4,395
On-behalf TPAF Non-Contributory Insurance				833,337	833,337
On-Behalf TPAF Pension Contributions-Post Retirement					
Medical Contributions (non-budgeted)				1,366,359	1,366,359
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,447,119	1,447,119
Total - State Sources	15,101,983	0	15,101,983	18,845,839	3,743,856
Federal Sources:					
Medicaid Reimbursement and unrestricted federal funds	57,852		57,852	59,865	2,013
	57,852	0	57,852	59,865	2,013
Total Revenues	41,600,271	0	41,600,271	45,745,718	4,145,447

TOWN OF HAMMONTON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2014

Exhibit C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	673,173	(56,138)	617,035	608,002	9,033
Grades 1-5	3,545,193	110,000	3,655,193	3,543,332	111,861
Grades 6-8	3,348,203	73,000	3,421,203	3,339,605	81,598
Grades 9-12	5,523,607	(86,522)	5,437,085	5,375,352	61,733
Regular Programs - Home Instruction:					
Salaries of Teachers	65,000	40,100	105,100	104,940	160
Purchased Professional-Educational Services	102,000	(11,600)	90,400	81,322	9,078
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction		138	138	138	0
Purchased Professional-Educational Services	25,125	67,994	93,119	85,378	7,741
Purchased Technical Services	27,100	4,107	31,207	17,998	13,209
Other Purchased Services	15,400	10,805	26,205	23,480	2,725
General Supplies	1,936,829	(178,179)	1,758,650	1,164,876	593,774
Textbooks	320,700	(265,913)	54,787	15,457	39,330
Other Objects	10,650	2,000	12,650	8,263	4,387
Total Regular Programs	15,592,980	(290,208)	15,302,772	14,368,143	934,629
Special Education - Instruction:					
Learning and/or Language Disabilities					
Salaries of Teachers	118,000	97,300	215,300	215,297	3
Other Salaries for Instruction	25,973	0	25,973	25,137	836
General Supplies		9,000	9,000	6,991	2,009
Total Learning and/or Language Disabilities	143,973	106,300	250,273	247,425	2,848
Behavioral Disabilities					
Salaries of Teachers	433,531	1,000	434,531	406,870	27,661
Other Salaries for Instruction	117,797	16,000	133,797	126,391	7,406
General Supplies	5,400	(1,220)	4,180	2,189	1,991
Other Objects	1,500	0	1,500	706	794
Total Behavioral Disabilities	558,228	15,780	574,008	536,156	37,852
Multiple Disabilities					
Salaries of Teachers	313,813	70,000	383,813	355,627	28,186
Other Salaries for Instruction	217,140	0	217,140	213,012	4,128
Purchased Professional Educational Services		477	477	244	233
Other Purchased Services		229	229	229	0
General Supplies	10,900	11,100	22,000	13,129	8,871
Textbooks	4,450	(2,050)	2,400	1,526	874
Other Objects	1,000	0	1,000	0	1,000
Total Multiple Disabilities	547,303	79,756	627,059	583,767	43,292

(continued)

TOWN OF HAMMONTON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2014

Exhibit C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Resource Room/Resource Center					
Salaries of Teachers	1,500,499	(197,463)	1,303,036	1,129,725	173,311
Other Salaries for Instruction	49,956	21,463	71,419	71,419	0
General Supplies	12,600	(79)	12,521	10,856	1,665
Textbooks	2,600	(150)	2,450	984	1,466
Total Resource Room/Resource Center	1,565,655	(176,229)	1,389,426	1,212,984	176,442
Autism					
Salaries of Teachers	150,200	0	150,200	148,200	2,000
Other Salaries for Instruction	115,104	2,000	117,104	114,553	2,551
Other Purchased Services		95	95	95	0
General Supplies	6,200	(2,412)	3,788	3,317	471
Textbooks	500	0	500	0	500
Total Autism	272,004	(317)	271,687	266,165	5,522
Preschool Disabilities - Part-Time					
Salaries of Teachers	89,975	7,500	97,475	97,390	85
Other Salaries for Instruction	50,148	135	50,283	50,282	1
General Supplies	3,000	(435)	2,565	2,149	416
Total Preschool Disabilities - Part-Time	143,123	7,200	150,323	149,821	502
Total Special Education - Instruction	3,230,286	32,490	3,262,776	2,996,318	266,458
Bilingual Education - Instruction:					
Salaries of Teachers	503,409	19,744	523,153	467,354	55,799
Other Salaries for Instruction	71,791	(30,000)	41,791	24,504	17,287
Purchased Professional Educational Services		421	421	421	0
General Supplies	4,600	1,426	6,026	5,514	512
Total Bilingual Education - Instruction	579,800	(8,409)	571,391	497,793	73,598
School Sponsored Cocurricular Activities - Instruction:					
Salaries	189,000	12,305	201,305	187,702	13,603
Purchased Services	3,700	1,600	5,300	2,962	2,338
Supplies and Materials	23,900	29,106	53,006	43,367	9,639
Other Objects	6,000	0	6,000	1,970	4,030
Total School Sponsored Cocurricular Activities - Instruction	222,600	43,011	265,611	236,001	29,610
School-Sponsored Athletics - Instruction					
Salaries	246,000	2,820	248,820	244,548	4,272
Purchased Services	32,400	(8,450)	23,950	9,904	14,046
Supplies and Materials	50,600	2,000	52,600	36,975	15,625
Other Objects	2,775	0	2,775	2,775	0
Transfers to Cover Deficit (Agency Funds)	75,000	0	75,000	75,000	0
Total School-Sponsored Athletics - Instruction	406,775	(3,630)	403,145	369,202	33,943

(continued)

TOWN OF HAMMONTON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2014

Exhibit C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Total Instruction	20,032,441	(226,746)	19,805,695	18,467,457	1,338,238
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	8,500	46,056	54,556	42,806	11,750
Tuition to Other LEAs Within the State - Special	28,354	(3,800)	24,554	0	24,554
Tuition to Co. Voc. School District - Regular	99,910	12,000	111,910	110,650	1,260
Tuition to CSSD & Regional Day Schools	582,163	1,500	583,663	479,471	104,192
Tuition to Private Schools for the Disabled - Within State	625,118	(45,200)	579,918	579,121	797
Tuition - State Facilities	4,500	0	4,500	4,500	0
Total Undistributed Expenditures - Instruction	1,348,545	10,556	1,359,101	1,216,548	142,553
Undistributed Expenditures - Attendance and Social Work:					
Salaries	77,963	3,000	80,963	78,267	2,696
Purchased Professional & Technical Services	32,000	0	32,000	31,034	966
Other Purchased Services	100	0	100	0	100
Supplies and Materials	2,750	0	2,750	2,358	392
Total Undistributed Expenditures - Attendance and Social Work	112,813	3,000	115,813	111,659	4,154
Undistributed Expenditures - Health Services:					
Salaries	220,473	3,200	223,673	223,587	86
Purchased Professional and Technical Services	31,775	13,195	44,970	42,114	2,856
Other Purchased Services	1,000	650	1,650	1,403	247
Supplies and Materials	14,300	(3,580)	10,720	8,953	1,767
Total Undistributed Expenditures - Health Services	267,548	13,465	281,013	276,057	4,956
Undistributed Expenditures - Other Support Services -					
Students - Related Services:					
Salaries	144,427	58,900	203,327	147,934	55,393
Purchased Professional-Educational Services	127,000	(1,000)	126,000	73,945	52,055
Supplies and Materials	850	1,240	2,090	1,653	437
Total Undistributed Expenditures - Other Support Services -					
Students - Related Services	272,277	59,140	331,417	223,532	107,885
Undistributed Expenditures - Other Support Services -					
Students - Extraordinary Services:					
Salaries	625,988	97,000	722,988	671,831	51,157
Purchased Professional Educational Services	230,400	(3,000)	227,400	223,553	3,847
Supplies and Materials	8,400	1,200	9,600	7,036	2,564
Total Undistributed Expenditures - Other Support Services -					
Students - Extraordinary Services:	864,788	95,200	959,988	902,420	57,568

(continued)

TOWN OF HAMMONTON SCHOOL DISTRICT

Exhibit C-1

Budgetary Comparison Schedule General Fund For the Fiscal Year Ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Other Support Services -					
Students - Regular					
Salaries of Other Professional Staff	784,125	45,000	829,125	785,529	43,596
Salaries of Secretarial and Clerical Assistants	181,829	0	181,829	181,025	804
Purchased Professional Educational Services	250	626	876	651	225
Other Purchased Professional & Technical Services	3,870	(626)	3,244	799	2,445
Other Purchased Services	5,100	400	5,500	4,067	1,433
Supplies and Materials	27,750	(598)	27,152	17,714	9,438
Other Objects		30	30	30	0
Total Undistributed Expenditures - Other Support Services - Regular	1,002,924	44,832	1,047,756	989,815	57,941
Undistributed Expenditures - Other Support Services -					
Students - Special:					
Salaries of Other Professional Staff	1,047,824	(54,800)	993,024	985,737	7,287
Salaries of Secretarial and Clerical Assistants	90,690	0	90,690	89,190	1,500
Purchased Professional Educational Services	78,450	(20,217)	58,233	56,161	2,072
Other Purchased Professional and Technical Services	15,300	30,730	46,030	41,792	4,238
Miscellaneous Purchased Services	3,767	0	3,767	3,340	427
Supplies and Materials	17,200	2,788	19,988	17,985	2,003
Other Objects	875	150	1,025	150	875
Total Undistributed Expenditures - Other Support Services - Students - Special	1,254,106	(41,349)	1,212,757	1,194,355	18,402
Undistributed Expenditures - Other Support Services -					
Improvement of Instructional Services					
Other Salaries	0	42,390	42,390	42,332	58
Purchased Professional Educational Services	640	3,900	4,540	4,540	0
Purchased Professional and Technical Services	556	1,580	2,136	2,136	0
Supplies and Materials	300	100	400	88	312
Total Undistributed Expenditures - Other Support Services - Improvement of Instructional Services	1,496	47,970	49,466	49,096	370
Undistributed Expenditures - Educational Media Services -					
School Library					
Salaries	157,620	3,000	160,620	157,620	3,000
Purchased Professional and Technical Services	12,100	8,748	20,848	16,346	4,502
Other Purchased Services	6,270	3,541	9,811	8,226	1,585
Supplies and Materials	33,944	(7,816)	26,128	18,859	7,269
Other Objects	15,321	0	15,321	12,340	2,981
Total Undistributed Expenditures - Educational Media Services - School Library	225,255	7,473	232,728	213,391	19,337

TOWN OF HAMMONTON SCHOOL DISTRICT

Exhibit C-1

Budgetary Comparison Schedule General Fund For the Fiscal Year Ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Instructional Staff Training Services					
Salaries of Supervisors of Instruction	733,912	0	733,912	707,126	26,786
Salaries Other Professional Staff	15,000	30,000	45,000	0	45,000
Salaries of Secretarial and Clerical Assistants	47,688	0	47,688	47,298	390
Other Salaries	8,100	0	8,100	0	8,100
Purchased Professional-Educational Services	77,142	(30,045)	47,097	3,350	43,747
Purchased Professional and Technical Services	1,300	0	1,300	1,279	21
Other Purchased Services	68,965	(49,315)	19,650	10,037	9,613
Supplies and Materials	1,200	8,645	9,845	8,766	1,079
Other Objects	290	1,375	1,665	1,500	165
Total Undistributed Expenditures - Instructional Staff Training Svc	953,597	(39,340)	914,257	779,356	134,901
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	272,850	3,000	275,850	271,887	3,963
Legal Services	112,000	18,500	130,500	128,256	2,244
Audit Fees	22,000	(4,000)	18,000	17,280	720
Architectural/Engineering Services	16,000	1,268	17,268	11,931	5,337
Other Purchased Professional Services	8,000	(8,000)	0	0	0
Communications/Telephone	135,652	(7,500)	128,152	117,598	10,554
BOE Other Purchased Services	500	0	500	0	500
Other Purchased Services	115,000	7,000	122,000	121,468	532
General Supplies	5,175	0	5,175	3,904	1,271
BOE IN-House Training/Meeting Supplies	325	0	325	275	50
Judgments Against School District	0	80,000	80,000	80,000	0
Miscellaneous Expenditures	6,000	0	6,000	2,504	3,496
Membership Dues and Fees	21,500	0	21,500	20,650	850
Total Undistributed Expenditures - Support Services - Gen. Admin.	715,002	90,268	805,270	775,753	29,517
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals	1,045,543	0	1,045,543	1,004,069	41,474
Salaries of Other Professional Staff	80,000	(32,186)	47,814	0	47,814
Salaries of Secretarial and Clerical Assistants	545,453	0	545,453	536,551	8,902
Purchased Professional and Technical Services	1,200	0	1,200	420	780
Other Purchased Services	131,450	6,250	137,700	68,364	69,336
Supplies and Materials	108,600	(3,941)	104,659	46,326	58,333
Other Objects	14,150	(25)	14,125	11,897	2,228
Total Undistributed Expenditures - Support Serv. - School Admin.	1,926,396	(29,902)	1,896,494	1,667,627	228,867
Undistributed Expenditures - Central Services					
Salaries	363,355	0	363,355	343,789	19,566
Purchased Professional Services	21,800	6,200	28,000	25,232	2,768
Purchased Technical Services	49,700	(9,200)	40,500	32,117	8,383
Misc. Purchased Services (400-500 series)	13,300	0	13,300	10,555	2,745
Supplies and Materials	50,000	(4)	49,996	8,147	41,849
Interest on Lease Purchased Agreements	800	0	800	0	800
Miscellaneous Expenditures	3,000	3,500	6,500	6,375	125

(continued)

TOWN OF HAMMONTON SCHOOL DISTRICT

Exhibit C-1

Budgetary Comparison Schedule General Fund For the Fiscal Year Ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Total Undistributed Expenditures - Central Services	501,955	496	502,451	426,215	76,236
Undistributed Expenditures - Admin. Info Technology					
* Salaries	236,887	0	236,887	231,008	5,879
Purchased Technical Services	60,000	3,037	63,037	57,196	5,841
Other Purchased Services (400-500 series)	15,000	0	15,000	12,671	2,329
Supplies and Materials	118,000	0	118,000	13,334	104,666
Total Undistributed Expenditures - Admin. Info Technology	429,887	3,037	432,924	314,209	118,715
Undistributed Expenditures - Required Maint for School Facilities					
Interest Earned on Maintenance Reserve		0			0
Salaries	263,938	3,000	266,938	257,301	9,637
Cleaning, Repair, and Maintenance Services	543,191	237,801	780,992	237,719	543,273
General Supplies	70,720	(28,635)	42,085	23,020	19,065
Other Objects	100	1,099	1,199	1,163	36
Total Undistributed Expenditures - Required Maint for School Facilities	877,949	213,265	1,091,214	519,203	572,011
Undistributed Expenditures - Operation and Maintenance of Plant Services:					
Salaries	646,894	14,000	660,894	654,403	6,491
Salaries of Non-Instructional Aides	200,993	(8,869)	192,124	189,477	2,647
Cleaning, Repair, and Maintenance Services	71,000	(6,080)	64,920	57,204	7,716
Other Purchased Property Services	77,500	(15,800)	61,700	55,118	6,582
Insurance	148,000	11,344	159,344	159,266	78
Miscellaneous Purchased Services	12,500	(5,695)	6,805	5,815	990
General Supplies	174,300	18,414	192,714	181,795	10,919
Energy (Natural Gas)	240,000	32,415	272,415	260,379	12,036
Energy (Electricity)	823,000	51,590	874,590	865,816	8,774
Other Objects	200	410	610	410	200
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	2,394,387	91,729	2,486,116	2,429,683	56,433
Undistributed Expenditures - Care and Upkeep of Grounds					
Salaries	224,888	0	224,888	223,528	1,360
Purchased Professional & Technical Services	3,500	(800)	2,700	200	2,500
Cleaning, Repair, and Maintenance Services	35,000	(14,960)	20,040	15,637	4,403
General Supplies	46,650	19,100	65,750	64,986	764
Other Objects	3,350	0	3,350	2,950	400
Total Undistributed Expenditures - Care and Upkeep of Grounds	313,388	3,340	316,728	307,301	9,427

(continued)

TOWN OF HAMMONTON SCHOOL DISTRICT

Exhibit C-1

Budgetary Comparison Schedule General Fund For the Fiscal Year Ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Security					
Purchased Professional & Technical Services	196,640	300	196,940	184,153	12,787
Cleaning, Repair, & Maintenance Services	4,300	200	4,500	550	3,950
General Supplies	13,400	13,899	27,299	9,524	17,775
Total Undistributed Expenditures - Security	214,340	14,399	228,739	194,227	34,512
Total Operation & Maintenance Services	3,800,064	322,733	4,122,797	3,450,414	672,383
Undistributed Expenditures - Student Transportation Services:					
Salaries of Non-Instructional Aides	199,196	15,828	215,024	214,991	33
Sal for Pupil Transp (Between Home and School)-Reg.	666,842	(6,000)	660,842	642,044	18,798
Sal for Pupil Transp (Between Home and School)-Sp Ed	200,573	(23,328)	177,245	155,552	21,693
Sal for Pupil Transp (Other than Between Home & School)	40,000	0	40,000	39,734	266
Other Purchased Professional and Technical Services	700	300	1,000	0	1,000
Cleaning, Repair, and Maintenance Services	39,500	(11,650)	27,850	27,850	0
Lease Purchase Payments - School Buses	84,000	0	84,000	83,126	874
Contracted Services - (Other than Betw Home/Sch) - Vendors	30,000	38,305	68,305	63,000	5,305
Contracted Services - (Between Home and School) - Joint Agr	40,000	18,154	58,154	57,181	973
Contracted Services - (Special Education) - Vendors		2,325	2,325	2,325	0
Contracted Services - (Special Education) - Joint Agr	1,000	42,840	43,840	38,451	5,389
Contracted Services - Aid in Lieu of Payments-Non Pub Sch	27,000	1,768	28,768	23,460	5,308
Contracted Services - Aid in Lieu of Payments-Charter	1,768	0	1,768	0	1,768
Contracted Services - Aid in Lieu of Payments-Choice	1,768	(1,768)	0	0	0
Miscellaneous Purchased Services	108,100	1,750	109,850	107,908	1,942
Transportation Supplies	500,000	(55,049)	444,951	316,252	128,699
Other Objects	2,000	0	2,000	150	1,850
Total Undistributed Expenditures - Student Transportation Serv.	1,942,447	23,475	1,965,922	1,772,024	193,898
Interest Earned on Current Expense Emergency Reserves		0			0
Unallocated Benefits:					
Social Security Contributions	500,000	35,500	535,500	535,388	112
Other Retirement Contributions - Regular	530,000	60,507	590,507	534,488	56,019
Unemployment Compensation	2,000	0	2,000	1,284	716
Workmen's Compensation	480,000	(39,344)	440,656	439,227	1,429
Health Benefits	6,825,688	(637,552)	6,188,136	5,561,504	626,632
Tuition Reimbursement	72,300	29,240	101,540	101,481	59
Other Employee Benefits	247,900	3,460	251,360	237,661	13,699
Total Unallocated Benefits	8,657,888	(548,189)	8,109,699	7,411,033	698,666

TOWN OF HAMMONTON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2014

Exhibit C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
On-behalf TPAF Non-Contributory Insurance				833,337	(833,337)
On-Behalf TPAF Pension Contributions-Post Retirement Medical Contributions (non-budgeted)				1,366,359	(1,366,359)
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,447,119	(1,447,119)
Total On-behalf Contributions	0	0	0	3,646,815	(3,646,815)
Total Undistributed Expenditures	24,276,988	62,865	24,339,853	25,420,319	(1,080,466)
Total Current Expense	44,309,429	(163,881)	44,145,548	43,887,776	257,772
Capital Outlay:					
Interest Deposit to Capital Reserve		0			0
Equipment					
Grades 9-12		1,475	1,475	1,475	0
Undistributed Expenditures:					
Instruction		17,098	17,098	17,098	0
General Administration		25,632	25,632	25,632	0
Central Services		0		0	0
Admin. Information Technology		155,862	155,862	138,377	17,485
Required Maintenance for School Facilities		4,593	4,593	4,593	0
Undistr. Expenditures - Custodial		5,600	5,600	8,625	(3,025)
Undistr. Expenditures - Care and Upkeep of Grounds		18,655	18,655	18,655	0
Undistr. Expenditures - School Buses - Special		17,552	17,552	17,552	0
Undistr. Expenditures - Non-instructional Equipment	100,000	0	100,000	0	100,000
Total Equipment	100,000	246,467	346,467	232,007	114,460
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	400,000	(105,149)	294,851	0	294,851
Construction Services	3,600,000	(1,432,480)	2,167,520	0	2,167,520
Assessment for Debt Service on SDA Funding	163,157	0	163,157	163,157	0
Total Facilities Acquisition and Construction Services	4,163,157	(1,537,629)	2,625,528	163,157	2,462,371
Total Capital Outlay	4,263,157	(1,291,162)	2,971,995	395,164	2,576,831

TOWN OF HAMMONTON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2014

Exhibit C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Transfers to Charter Schools	16,914	0	16,914	0	16,914
Total Expenditures	48,589,500	(1,455,043)	47,134,457	44,282,940	2,851,517
Other Financing Sources (Uses):					
Capital reserve transfer to debt service	(416,221)	0	(416,221)	(416,221)	0
Capital reserve transfer to capital projects		(1,537,629)	(1,537,629)	(1,537,629)	0
Prior year adjustment					0
Total Other Financing Sources (Uses)	(416,221)	(1,537,629)	(1,953,850)	(1,953,850)	0
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(7,405,450)	(82,586)	(7,488,036)	(491,072)	6,996,964
Fund Balances, July 1	9,537,283		9,537,283	9,537,283	0
Fund Balances, June 30	\$2,131,833	(82,586)	2,049,247	9,046,211	6,996,964

Recapitulation of Fund Balance:

Committed Fund Balance:	
Year End Encumbrances	82,644
Restricted Fund Balance:	
Tuition Reserve	1,600,000
Maintenance Reserve	653,659
Emergency Reserve	315,986
Capital Reserve	5,460,199
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	316,838
Unassigned Fund Balance	616,885
	9,046,211
Reconciliation to Governmental Funds Statements (GAAP):	
Last State Aid Payment Not Recognized on GAAP Basis:	(1,408,477)
Fund Balance per Governmental Funds (GAAP)	\$7,637,734

TOWN OF HAMMONTON SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

Exhibit C-2

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
REVENUES:					
Local Sources:					
Local Programs		52,803	52,803	38,541	(14,262)
Total - Local Sources	0	52,803	52,803	38,541	(14,262)
State Sources:					
Preschool Education Aid	480,417	0	480,417	401,715	(78,702)
Nonpublic aid	278,156	255,961	534,117	322,929	(211,188)
Total - State Sources	758,573	255,961	1,014,534	724,644	(289,890)
Federal Sources:					
Title I	582,921	550,411	1,133,332	941,973	(191,359)
I.D.E.A., Part B	493,770	197,208	690,978	672,100	(18,878)
Vocational Education	25,439	12,014	37,453	37,453	0
Other	101,884	37,096	138,980	131,815	(7,165)
Total - Federal Sources	1,204,014	796,729	2,000,743	1,783,341	(217,402)
Total Revenues	1,962,587	1,105,493	3,068,080	2,546,526	(521,554)
EXPENDITURES:					
Instruction					
Salaries of Teachers	613,258	312,859	926,117	832,643	93,474
Other Salaries for Instruction	276,546	(11,521)	265,025	224,714	40,311
Purchased Professional, Technical and Educational Services	762,701	294,159	1,056,860	848,750	208,110
General Supplies	34,777	130,813	165,590	117,308	48,282
Textbooks	24,967	12,167	37,134	36,372	762
Other Objects		1,700	1,700	1,700	0
Total instruction	1,712,249	740,177	2,452,426	2,061,487	390,939

(continued)

TOWN OF HAMMONTON SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

Exhibit C-2

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
EXPENDITURES (CONT'D):					
Support Services					
Salaries of Other Professional Staff		107,382	107,382	76,984	30,398
Personal Services - Employee Benefits	195,685	11,939	207,624	175,416	32,208
Purchased Professional and Technical Services	54,653	113,675	168,328	141,427	26,901
Other Purchased Services		87,133	87,133	66,470	20,663
Travel		668	668	248	420
Supplies and Materials		32,396	32,396	16,371	16,025
Total support services	250,338	353,193	603,531	476,916	126,615
Facilities acquisition and construction services					
Instructional equipment		8,123	8,123	8,123	0
Non-Instructional equipment		4,000	4,000	0	4,000
Total facilities acquisition and construction services	0	12,123	12,123	8,123	4,000
Total expenditures	1,962,587	1,105,493	3,068,080	2,546,526	521,554
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$0	0	0	0	0

Required Supplemental Information

TOWN OF HAMMONTON SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2014

Note A - Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$45,745,718	2,546,526
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized		
Prior year		8,600
Current year		0
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,311,769	47,411
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(1,408,477)</u>	<u>(44,734)</u>
Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>45,649,010</u>	<u>2,557,803</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	44,282,940	2,546,526
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes		
Prior year		8,600
Current year		0
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$44,282,940</u>	<u>2,555,126</u>

SPECIAL REVENUE FUND

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

TOWN OF HAMMONTON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenue and Expenditures
Budgetary Basis
FOR THE FISCAL YEAR ENDED June 30, 2014

Exhibit E-1
Page 1

	HEF FY13 HS Teacher of the Year Grant	HEF FY12 MS Teacher of the Year Grant	HEF FY13 MS Teacher of the Year Grant	HEF Doc Cameras ECEC	HEF Rigor Redefined WES	HEF Welcome to Middle School	HEF Chromebooks Middle School	Home & School LipSync Middle School	HEF World History High School	HEF FY13 One Book Author High School
REVENUES:										
Local Sources	\$25	18	500	4,485	10,549	1,561	2,790	590	516	500
State Sources										
Federal Sources										
Total revenues	<u>25</u>	<u>18</u>	<u>500</u>	<u>4,485</u>	<u>10,549</u>	<u>1,561</u>	<u>2,790</u>	<u>590</u>	<u>516</u>	<u>500</u>
EXPENDITURES:										
Instruction:										
Salaries of teachers										
Other salaries of instruction										
Purchased professional, technical and educational svcs										
General supplies	25	18	500	4,485	10,549	1,561	2,790	590	516	500
Textbooks										
Other objects										
Total instruction	<u>25</u>	<u>18</u>	<u>500</u>	<u>4,485</u>	<u>10,549</u>	<u>1,561</u>	<u>2,790</u>	<u>590</u>	<u>516</u>	<u>500</u>
Support services:										
Salaries of other professional staff										
Personal services- employee benefits										
Purchased professional and technical services										
Other purchased services										
Travel										
Supplies and materials										
Total support services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Facilities acquisition and construction services										
Instructional equipment										
Total facilities acquisition and construction services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>\$25</u>	<u>18</u>	<u>500</u>	<u>4,485</u>	<u>10,549</u>	<u>1,561</u>	<u>2,790</u>	<u>590</u>	<u>516</u>	<u>500</u>

(continued)

TOWN OF HAMMONTON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenue and Expenditures
Budgetary Basis
FOR THE FISCAL YEAR ENDED June 30, 2014

Exhibit E-1
Page 2

	HEF Laser Cut High School	HEF Saw Top Saw High School	Home & School Field Day ECEC	Home & School Field Day WES	Home & School Field Day Middle School	HEF FY14 One Book Author High School	Walmart Green Grant	Brain Alliance Grant	Total Local Funds	Nonpublic Textbooks
REVENUES:										
Local Sources	4,874	3,249	738	900	4,659	500	1,424	663	38,541	
State Sources										
Federal Sources										36,372
Total revenues	<u>4,874</u>	<u>3,249</u>	<u>738</u>	<u>900</u>	<u>4,659</u>	<u>500</u>	<u>1,424</u>	<u>663</u>	<u>38,541</u>	<u>36,372</u>
EXPENDITURES:										
Instruction:										
Salaries of teachers										
Other salaries of instruction										
Purchased professional, technical and educational svcs						500		400	1,400	
General supplies									21,034	
Textbooks										36,372
Other objects										
Total instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>500</u>	<u>0</u>	<u>400</u>	<u>22,434</u>	<u>36,372</u>
Support services:										
Salaries of other professional staff										
Personal services- employee benefits										
Purchased professional and technical services										
Other purchased services			738	900	1,035			142	2,815	
Travel									0	
Supplies and materials					3,624		1,424	121	5,169	
Total support services	<u>0</u>	<u>0</u>	<u>738</u>	<u>900</u>	<u>4,659</u>	<u>0</u>	<u>1,424</u>	<u>263</u>	<u>7,984</u>	<u>0</u>
Facilities acquisition and construction services										
Instructional equipment	4,874	3,249							8,123	
Total facilities acquisition and construction services	<u>4,874</u>	<u>3,249</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,123</u>	<u>0</u>
Total expenditures	<u>4,874</u>	<u>3,249</u>	<u>738</u>	<u>900</u>	<u>4,659</u>	<u>500</u>	<u>1,424</u>	<u>663</u>	<u>38,541</u>	<u>36,372</u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenue and Expenditures
Budgetary Basis
FOR THE FISCAL YEAR ENDED June 30, 2014

Exhibit E-1
Page 3

	Nonpublic Auxiliary Aid		Nonpublic Handicapped Aid			Nonpublic Nursing	Nonpublic Technology	Nonpublic Home Instruction	Preschool Education Aid	Total State Funds	Title I Part A
	Compensatory Education	Transportation	Examination & Classification	Corrective Speech	Supplemental Instruction						
REVENUES:											
Local Sources											
State Sources	125,062	3,915	48,246	12,890	31,013	52,264	13,167		401,715	724,644	694,426
Federal Sources											
Total revenues	<u>125,062</u>	<u>3,915</u>	<u>48,246</u>	<u>12,890</u>	<u>31,013</u>	<u>52,264</u>	<u>13,167</u>	<u>0</u>	<u>401,715</u>	<u>724,644</u>	<u>694,426</u>
EXPENDITURES:											
Instruction:											
Salaries of teachers											
Other salaries of instruction									275,125	275,125	388,843
Purchased professional, technical and educational svcs	125,062		48,246	12,890	31,013		2,750		59,742	59,742	110,766
General supplies							10,417			219,961	26,628
Textbooks									8,302	18,719	34,771
Other objects										36,372	
										0	
Total instruction	<u>125,062</u>	<u>0</u>	<u>48,246</u>	<u>12,890</u>	<u>31,013</u>	<u>0</u>	<u>13,167</u>	<u>0</u>	<u>343,169</u>	<u>609,919</u>	<u>561,008</u>
Support services:											
Salaries of other professional staff										0	21,350
Personal services- employee benefits										55,496	91,793
Purchased professional and technical services		3,915				52,264			3,050	59,229	3,244
Other purchased services										0	14,670
Travel										0	0
Supplies and materials										0	2,361
Total support services	<u>0</u>	<u>3,915</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>52,264</u>	<u>0</u>	<u>0</u>	<u>58,546</u>	<u>114,725</u>	<u>133,418</u>
Facilities acquisition and construction services											
Instructional equipment											
Total facilities acquisition and construction services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>125,062</u>	<u>3,915</u>	<u>48,246</u>	<u>12,890</u>	<u>31,013</u>	<u>52,264</u>	<u>13,167</u>	<u>0</u>	<u>401,715</u>	<u>724,644</u>	<u>694,426</u>

(continued)

TOWN OF HAMMONTON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenue and Expenditures
Budgetary Basis
FOR THE FISCAL YEAR ENDED June 30, 2014

Exhibit E-1
Page 4

	Carryover Title I Part A	Title III English Language Enhancement	Carryover Title III English Language Enhanc.	Race to the Top Phase 3	I.D.E.A. Part - B Basic	Carryover I.D.E.A. Part - B Basic	I.D.E.A. Part - B Preschool	Title II Part A	Carryover Title II Part A	Perkins Vocational	Total Federal Funds	Totals
REVENUES:												
Local Sources												38,541
State Sources												724,644
Federal Sources	247,547	54,658	4,625	3,733	635,602	16,494	20,004	66,577	2,222	37,453	1,783,341	1,783,341
Total revenues	<u>247,547</u>	<u>54,658</u>	<u>4,625</u>	<u>3,733</u>	<u>635,602</u>	<u>16,494</u>	<u>20,004</u>	<u>66,577</u>	<u>2,222</u>	<u>37,453</u>	<u>1,783,341</u>	<u>2,546,526</u>
EXPENDITURES:												
Instruction:												
Salaries of teachers	122,990											
Other salaries of instruction	7,560	46,646						45,685			557,518	832,643
Purchased professional, technical and educational svcs	2,165	3,596	1,854		593,146						164,972	224,714
General supplies	2,811	848	2,771								627,389	848,750
Textbooks										36,354	77,555	117,308
Other objects	1,700										0	36,372
											1,700	1,700
Total instruction	<u>137,226</u>	<u>51,090</u>	<u>4,625</u>	<u>0</u>	<u>593,146</u>	<u>0</u>	<u>0</u>	<u>45,685</u>	<u>0</u>	<u>36,354</u>	<u>1,429,134</u>	<u>2,061,487</u>
Support services:												
Salaries of other professional staff	54,794			840							76,984	76,984
Personal services- employee benefits	15,787	3,568		64				8,708			119,920	175,416
Purchased professional and technical services					42,456	16,494	20,004				82,198	141,427
Other purchased services	32,079			2,500							63,655	66,470
Travel				248				12,184	2,222		248	248
Supplies and materials	7,661			81						1,099	11,202	16,371
Total support services	<u>110,321</u>	<u>3,568</u>	<u>0</u>	<u>3,733</u>	<u>42,456</u>	<u>16,494</u>	<u>20,004</u>	<u>20,892</u>	<u>2,222</u>	<u>1,099</u>	<u>354,207</u>	<u>476,916</u>
Facilities acquisition and construction services												
Instructional equipment											0	8,123
Total facilities acquisition and construction services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,123</u>
Total expenditures	<u>247,547</u>	<u>54,658</u>	<u>4,625</u>	<u>3,733</u>	<u>635,602</u>	<u>16,494</u>	<u>20,004</u>	<u>66,577</u>	<u>2,222</u>	<u>37,453</u>	<u>1,783,341</u>	<u>2,546,526</u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Special Revenue Fund
Preschool Education Aid Schedule of Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2014

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$275,125	275,125	0
Other Salaries for Instruction	92,035	59,742	32,293
Instructional Supplies	53,791	8,302	45,489
Total instruction	<u>420,951</u>	<u>343,169</u>	<u>77,782</u>
Support services:			
Personal Services-Employee Benefits	55,496	55,496	0
Purchased Educational Svcs-Contracted Pre-K	3,550	3,050	500
Travel	420	0	420
Total support services	<u>59,466</u>	<u>58,546</u>	<u>920</u>
Total expenditures	<u><u>\$480,417</u></u>	<u><u>401,715</u></u>	<u><u>78,702</u></u>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2013-14 Preschool Education Aid Allocation	\$447,336
Add: Actual ECPA Carryover (June 30, 2013)	101,721
Add: Budgeted Transfer from the General Fund 2013-14	0
Total Preschool Education Aid Funds Available for 2013-14 Budget	549,057
Less: 2013-14 Budgeted Preschool Education Aid(Including prior year budgeted carryover)	(480,417)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2014	68,640
Add: June 30, 2014 Unexpended Preschool Education Aid	78,702
Less: 2013-2014 Commissioner-approved Transfer to the General Fund	0
2013-14 Carryover - Preschool Education Aid/Preschool	<u>\$147,342</u>
2013-14 Preschool Education Aid Carryover Budgeted for Preschool Programs 2014-15	<u><u>\$68,640</u></u>

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

TOWN OF HAMMONTON SCHOOL DISTRICT
Capital Projects Fund
Summary Statement of Project Expenditures
Year Ended June 30, 2014

<u>Number</u>	<u>Issue/Project Title</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures and Other Financing Uses to Date</u>		<u>Canceled</u>	<u>Unexpended Balance</u>
				<u>Prior Years</u>	<u>Current Year</u>		
	Middle School HVAC		2,793,347		1,060,007		1,733,340
	Middle School Window Replacement		689,644		507,218		182,426
Totals			<u>\$3,482,991</u>	<u>0</u>	<u>1,567,225</u>	<u>0</u>	<u>1,915,766</u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Basis
For the Fiscal Year Ended June 30, 2014

Revenues and Other Financing Sources:

Transfer from Capital Reserve	1,537,629
State School Building Aid - EDA Grant	818,783
Interest earned	<u>627</u>

Total revenues and other financing sources	<u>2,357,039</u>
--	------------------

Expenditures and Other Financing Uses:

Purchased professional & technical services	246,878
Construction services	<u>1,320,347</u>

Total expenditures and other financing uses	<u>1,567,225</u>
---	------------------

Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	789,814
---	---------

Fund balance - beginning	0
--------------------------	---

Fund balance - ending	<u><u>\$789,814</u></u>
-----------------------	-------------------------

TOWN OF HAMMONTON SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Basis
Middle School HVAC
For the Fiscal Year Ended June 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Transfer from Capital Reserve		1,289,736	1,289,736	1,289,736
State School Building Aid - EDA Grant		535,485	535,485	1,503,611
Interest earned		527	527	
Total revenues and other financing sources	<u>0</u>	<u>1,825,748</u>	<u>1,825,748</u>	<u>2,793,347</u>
Expenditures and Other Financing Uses:				
Purchased professional & technical services		191,160	191,160	191,200
Construction services		868,847	868,847	2,602,147
Total expenditures and other financing uses	<u>0</u>	<u>1,060,007</u>	<u>1,060,007</u>	<u>2,793,347</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>0</u>	<u>765,741</u>	<u>765,741</u>	<u>0</u>
	<u>\$0</u>	<u>765,741</u>	<u>765,741</u>	<u>0</u>

Additional project information:

Project number 1960-060-14-1002

Grant Date

Bond Authorization Date

N/A

Bonds Authorized

N/A

Bonds Issued

N/A

Original Authorized Cost

2,692,076

Additional Authorized Cost

101,271

Revised Authorized Cost

2,793,347

Percentage Increase over Original

Authorized Cost

3.76%

Percentage Completion

10%

Original target completion date

8/29/2014

Revised target completion date

8/28/2015

TOWN OF HAMMONTON SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Basis
Middle School Window Replacement
For the Fiscal Year Ended June 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Transfer from Capital Reserve		247,893	247,893	247,893
State School Building Aid - EDA Grant		283,298	283,298	441,751
Interest earned		100	100	
Total revenues and other financing sources	<u>0</u>	<u>531,291</u>	<u>531,291</u>	<u>689,644</u>
Expenditures and Other Financing Uses:				
Purchased professional & technical services		55,718	55,718	56,680
Construction services		451,500	451,500	632,964
Total expenditures and other financing uses	<u>0</u>	<u>507,218</u>	<u>507,218</u>	<u>689,644</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>0</u>	<u>24,073</u>	<u>24,073</u>	<u>0</u>
	<u>\$0</u>	<u>24,073</u>	<u>24,073</u>	<u>0</u>

Additional project information:

Project number	1960-060-14-1003
Grant Date	
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	790,915
Additional Authorized Cost	(101,271)
Revised Authorized Cost	689,644
Percentage Increase over Original Authorized Cost	-12.80%
Percentage Completion	10%
Original target completion date	8/29/2014
Revised target completion date	10/31/2014

PROPRIETARY FUNDS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund – This fund provides for the operation of food services in all schools within the school district.

Latchkey Child Care Fund – This fund provides for the operation of school child supervision.

THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5 AND B-6.

TOWN OF HAMMONTON SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Net Position
June 30, 2014

	Food Service	Latchkey Program	2014
ASSETS:			
Cash and cash equivalents	\$615,384	82,758	698,142
Restricted cash	140,000		140,000
Accounts Receivable:			
State	2,152		2,152
Federal	57,932		57,932
Other	5,196	754	5,950
Inventories	8,420		8,420
Total Current Assets	<u>829,084</u>	<u>83,512</u>	<u>912,596</u>
Capital Assets:			
Equipment	674,861	119,467	794,328
Accumulated depreciation	(502,771)	(24,593)	(527,364)
Total capital assets	<u>172,090</u>	<u>94,874</u>	<u>266,964</u>
Total assets	<u><u>1,001,174</u></u>	<u><u>178,386</u></u>	<u><u>1,179,560</u></u>
LIABILITIES AND FUND EQUITY:			
Current liabilities:			
Interfund accounts payable	133,016	6,868	139,884
Accounts payable	43,948	236	44,184
Unearned revenue	13,668	3,630	17,298
Compensated absences payable	26,273	2,711	28,984
Total current liabilities	<u>216,905</u>	<u>13,445</u>	<u>230,350</u>
Net Position:			
Restricted	140,000		140,000
Unrestricted	472,179	70,067	542,246
Investment in capital assets	172,090	94,874	266,964
Total net position	<u>784,269</u>	<u>164,941</u>	<u>949,210</u>
Total liabilities and net position	<u><u>\$1,001,174</u></u>	<u><u>178,386</u></u>	<u><u>1,179,560</u></u>

TOWN OF HAMMONTON SCHOOL DISTRICT

Enterprise Funds

Combining Schedule of Revenues, Expenses
and Changes in Net Position

For the Fiscal Year ended June 30, 2014

	Food Service	Latchkey	2014
OPERATING REVENUES:			
Local Sources:			
Daily sales- reimbursable programs			
School lunch, breakfast, snack program	\$355,183		355,183
Daily sales non- reimbursable programs	321,727		321,727
Latchkey program revenue		116,366	116,366
Miscellaneous	343		343
Special Functions	45,021		45,021
Total Operating Revenues	722,274	116,366	838,640
OPERATING EXPENSES:			
Salaries	475,397	74,106	549,503
Employee benefits	225,458	6,004	231,462
Supplies & Materials	65,271	5,481	70,752
Depreciation	42,442	7,441	49,883
Cost of sales	764,654		764,654
Other	24,577		24,577
Total operating expenses	1,597,799	93,032	1,690,831
Operating income (loss)	(875,525)	23,334	(852,191)
Nonoperating revenues:			
State sources			
State school lunch program	17,403		17,403
Federal sources			
National school lunch program	642,902		642,902
National school breakfast program	124,199		124,199
National school snack program	714		714
Food Distribution Program	75,723		75,723
Interest revenue	1,101	113	1,214
Total nonoperating revenues	862,042	113	862,155
Net income/(loss)	(13,483)	23,447	9,964
Net Postion, July 1	797,752	141,494	939,246
Net Postion, June 30	\$784,269	164,941	949,210

TOWN OF HAMMONTON SCHOOL DISTRICT
Combining Schedule of Cash Flows
All Proprietary Fund Types and Similar Trust Funds
For the Fiscal Year ended June 30, 2014

	Food Service	Latchkey	2014
Cash flows from operating activities:			
Cash received from customers	\$720,374	113,476	833,850
Cash payments to employees for services	(633,990)	(80,889)	(714,879)
Cash payments to suppliers for goods and services	(831,725)	(5,481)	(837,206)
Net cash provided/(used) by operating activities	<u>(745,341)</u>	<u>27,106</u>	<u>(718,235)</u>
Cash flows from noncapital financing activities:			
Cash received from state and federal reimbursements	754,468		754,468
Net cash provided by noncapital financing activities	<u>754,468</u>	<u>0</u>	<u>754,468</u>
Cash flows from capital and related financing activities:			
Purchases of capital assets	0		0
Net cash (used) by capital and related financing activities	<u>0</u>	<u>0</u>	<u>0</u>
Cash flows from investing activities:			
Interest on investments	1,101	113	1,214
Net cash provided by investing activities	<u>1,101</u>	<u>113</u>	<u>1,214</u>
Net increase (decrease) in cash and cash equivalents	10,228	27,219	37,447
Cash and cash equivalents, July 1	<u>745,156</u>	<u>55,539</u>	<u>800,695</u>
Cash and cash equivalents, June 30	<u><u>\$755,384</u></u>	<u><u>82,758</u></u>	<u><u>838,142</u></u>
Reconciliation of operating income/(loss) to net cash provided/(used) by operating activities:			
Operating income/(loss)	(\$875,525)	23,334	(852,191)
Adjustments to reconcile operating income/(loss) to cash provided (used) by operating activities:			
Depreciation	42,442	7,441	49,883
Federal Commodities	75,723		75,723
Change in assets and liabilities:			
Decrease/(Increase) in accounts receivable	(4,014)	322	(3,692)
Decrease/(Increase) in inventory	(851)		(851)
(Decrease)/Increase in accounts payable	(52,095)	236	(51,859)
(Decrease)/Increase in interfund accounts payable	64,157	(1,338)	62,819
(Decrease)/Increase in unearned revenue	2,114	(3,212)	(1,098)
(Decrease)/Increase in compensated absence payable	2,708	323	3,031
Net cash provided/(used) by operating activities	<u>(745,341)</u>	<u>27,106</u>	<u>(718,235)</u>

FIDUCIARY FUNDS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments an/or other funds.

Student Activity Fund – This agency fund is used to account for student funds held at the schools.

Payroll Fund – This agency fund is used to account for the payroll transactions of the school district.

TOWN OF HAMMONTON SCHOOL DISTRICT
Fiduciary Fund
Combining Statement of Fiduciary Net Position
June 30, 2014

	Expendable Trusts		Agency		
	Scholarship	Unemployment	Student Activity	Payroll	Total
ASSETS:					
Cash and cash equivalents	\$55,548	264,244	311,349	33,529	664,670
Total Assets	<u>55,548</u>	<u>264,244</u>	<u>311,349</u>	<u>33,529</u>	<u>664,670</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable		7,899			7,899
Payroll deductions and withholdings				33,529	33,529
Due to student groups			311,349		311,349
Total Liabilities	<u>0</u>	<u>7,899</u>	<u>311,349</u>	<u>33,529</u>	<u>352,777</u>
Net Position:					
Reserved - Expendable Trust					
Unemployment		256,345			256,345
Scholarship	55,548				55,548
Total net position	<u>55,548</u>	<u>256,345</u>	<u>0</u>	<u>0</u>	<u>311,893</u>
Total liabilities and net position	<u>\$55,548</u>	<u>264,244</u>	<u>311,349</u>	<u>33,529</u>	<u>664,670</u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Student Activity Agency Fund
Statement of Changes in Fiduciary Net Position

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
ASSETS:				
Cash and cash equivalents	\$299,342	814,286	802,279	311,349
Total assets	<u>299,342</u>	<u>814,286</u>	<u>802,279</u>	<u>311,349</u>
LIABILITIES:				
Due to student groups	299,342	814,286	802,279	311,349
Total liabilities	<u>\$299,342</u>	<u>814,286</u>	<u>802,279</u>	<u>311,349</u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Scholarship Expendable Trust Fund
Statement of Revenues, Expenditures
and Changes in Net Position
for the Fiscal Year ended June 30, 2014

	<u>2014</u>
OPERATING REVENUES:	
Local sources:	
Interest on investments	<u>\$86</u>
Total operating revenues	<u>86</u>
OPERATING EXPENSES:	
Scholarship payments	3,700
Charges	<u>102</u>
Total operating expenses	<u>3,802</u>
Operating (loss)	<u>(3,716)</u>
Net (Loss)	<u>(3,716)</u>
Net Position, July 1	<u>59,264</u>
Net Position, June 30	<u><u>\$55,548</u></u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Unemployment Expendable Trust Fund
Statement of Revenues, Expenditures
and Changes in Net Position
for the Fiscal Year ended June 30, 2014

	<u>2014</u>
OPERATING REVENUES:	
Local sources:	
Interest on investments	\$405
Contributions	<u>46,559</u>
Total operating revenues	<u>46,964</u>
 OPERATING EXPENSES:	
Payments of unemployment claims	<u>28,384</u>
Total operating expenses	<u>28,384</u>
Operating Income	<u>18,580</u>
Net Income	<u>18,580</u>
Net Position, July 1	<u>237,765</u>
Net Position, June 30	<u><u>\$256,345</u></u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year ended June 30, 2014

	<u>Balance July 1, 2013</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2014</u>
ECEC	\$22,123	18,240	16,763	23,600
Elementary School	26,467	36,760	39,097	24,130
Middle School	63,020	98,875	91,448	70,447
Middle School Athletics	368	3,903	3,452	819
High School Students	180,792	559,830	557,994	182,628
High School Athletics	6,572	96,678	93,525	9,725
Total all schools	<u>\$299,342</u>	<u>814,286</u>	<u>802,279</u>	<u>311,349</u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year ended June 30, 2014

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
ASSETS:				
Cash and cash equivalents	\$7,773	13,112,474	13,086,718	33,529
Total assets	<u>7,773</u>	<u>13,112,474</u>	<u>13,086,718</u>	<u>33,529</u>
LIABILITIES:				
Payroll deductions and withholdings	7,773	13,112,474	13,086,718	33,529
Total liabilities	<u>\$7,773</u>	<u>13,112,474</u>	<u>13,086,718</u>	<u>33,529</u>

LONG-TERM DEBT

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

TOWN OF HAMMONTON SCHOOL DISTRICT

Long-Term Debt
Schedule of Serial Bonds
June 30, 2014

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2013	Issued	Retired	Balance June 30, 2014
			Date	Amount					
Refunding School Bonds	9/19/06	7,385,000	8/1/14-16	25,000	3.250%				
			8/1/17	25,000	4.200%				
			8/1/18-22	30,000	4.200%				
			8/1/23-24	35,000	4.200%				
			8/1/25	540,000	4.200%				
			8/1/26	1,185,000	4.200%				
			8/1/27	1,235,000	4.200%				
			8/1/28	1,290,000	4.200%				
			8/1/29	1,345,000	4.200%				
			8/1/30	1,385,000	4.200%	7,325,000		25,000	7,300,000
Refunding School Bonds	3/23/10	10,890,000	8/1/14	635,000	2.000%				
			8/1/15	660,000	5.000%				
			8/1/16	695,000	5.000%				
			8/1/17	735,000	5.000%				
			8/1/18	770,000	5.000%				
			8/1/19	810,000	4.250%				
			8/1/20	250,000	4.500%				
			8/1/20	605,000	5.000%				
			8/1/21	890,000	3.125%				
			8/1/22	925,000	3.250%				
			8/1/23	965,000	5.000%				
			8/1/24	1,015,000	4.250%				
			8/1/25	555,000	4.000%	10,130,000		620,000	9,510,000
			Reroofing & addition alterations to the Middle School	4/15/06	2,614,000	7/15/14	170,000	4.250%	
7/15/15	180,000	4.250%							
7/15/16	185,000	4.250%							
7/15/17	195,000	4.250%							
7/15/18	200,000	4.250%							
7/15/19	210,000	4.250%							
7/15/20	220,000	4.300%							
7/15/21	224,000	4.300%				1,749,000		165,000	1,584,000
Various Improvements to W.E.S. Elementary School	6/24/10	11,800,000				7/1/14-15	500,000	3.250%	
			7/1/16-20	550,000	3.500%				
			7/1/21-23	600,000	3.750%				
			7/1/24	600,000	4.000%				
			7/1/25-26	650,000	4.000%				
			7/1/27-28	700,000	4.000%				
			7/1/29	750,000	4.125%				
			7/1/30	800,000	4.125%	10,900,000		500,000	10,400,000
									\$30,104,000

TOWN OF HAMMONTON SCHOOL DISTRICT
Long-Term Debt
Schedule of Obligations under Capital Leases
June 30, 2014

<u>Series</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding July 1, 2013</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2014</u>
Two Buses	4.500%	154,718	32,273		32,273	0
One Bus	4.500%	75,895	15,831		15,831	0
Five Copiers	5.472%	84,390	36,543		17,773	18,770
Two Buses	4.150%	151,700	61,837		30,290	31,547
			<u>\$146,484</u>	<u>0</u>	<u>96,167</u>	<u>50,317</u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2014

Exhibit I-3

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$1,498,206	0	1,498,206	1,498,206	0
	1,498,206	0	1,498,206	1,498,206	0
State Sources:					
Debt Service Aid Type II	395,202	0	395,202	395,202	0
Total - State Sources	395,202	0	395,202	395,202	0
Total Revenues	1,893,408	0	1,893,408	1,893,408	0
EXPENDITURES:					
Regular Debt Service:					
Interest	1,186,942	0	1,186,942	1,186,942	0
Redemption of Principal	1,310,000	0	1,310,000	1,310,000	0
Total Regular Debt Service	2,496,942	0	2,496,942	2,496,942	0
Total expenditures	2,496,942	0	2,496,942	2,496,942	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(603,534)	0	(603,534)	(603,534)	0
OTHER FINANCING SOURCES (USES)					
Transfers in	416,221		416,221	416,221	0
Total other financing sources (uses)	416,221	0	416,221	416,221	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(187,313)	0	(187,313)	(187,313)	0
Fund Balance, July 1	187,313	0	187,313	187,313	0
Fund Balance, June 30	\$0	0	0	0	0
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	(\$187,313)		(187,313)		187,313

Statistical Section

Governmental Accounting Standards Board (GASB) requires 10 years of statistical information to be included in the CAFR. However due to the change in the statistical requirements information was unavailable for all 10 years.

TOWN OF HAMMONTON SCHOOL DISTRICT
Net Position by Component,
Last Ten Fiscal Years
Unaudited

J-1

	2005	2006	2007	2008	2009	2010	2011	(Restated) 2012	2013	2014
Governmental activities										
Net investment in capital assets	8,170,291	5,376,561	8,686,694	8,695,671	19,768,759	8,040,999	8,417,262	8,693,209	8,768,081	10,324,981
Restricted	26,491	1,708,420	104,355	501,350	6,098,093	7,393,396	8,283,302	8,342,783	9,465,074	8,301,948
Unrestricted	(3,919,716)	(5,449,789)	(5,025,182)	(3,248,442)	(4,562,794)	(4,462,950)	(4,246,702)	(4,878,582)	(5,958,393)	(4,433,909)
Total governmental activities net position	<u>4,277,066</u>	<u>1,635,192</u>	<u>3,765,867</u>	<u>5,948,579</u>	<u>21,304,058</u>	<u>10,971,445</u>	<u>12,453,862</u>	<u>12,157,410</u>	<u>12,274,762</u>	<u>14,193,020</u>
Business-type activities										
Net investment in capital assets	264,520	290,695	274,464	257,926	212,338	168,986	147,804	256,944	316,848	266,964
Restricted										140,000
Unrestricted	187,577	291,602	258,018	307,763	438,281	611,144	710,498	690,714	622,398	542,246
Total business-type activities net position	<u>452,097</u>	<u>582,297</u>	<u>532,482</u>	<u>565,689</u>	<u>650,619</u>	<u>780,130</u>	<u>858,302</u>	<u>947,658</u>	<u>939,246</u>	<u>949,210</u>
District-wide										
Net investment in capital assets	8,434,811	5,667,256	8,961,158	8,953,597	19,981,097	8,209,985	8,565,066	8,950,153	9,084,929	10,591,945
Restricted	26,491	1,708,420	104,355	501,350	6,098,093	7,393,396	8,283,302	8,342,783	9,465,074	8,441,948
Unrestricted	(3,732,139)	(5,158,187)	(4,767,164)	(2,940,679)	(4,124,513)	(3,851,806)	(3,536,204)	(4,187,868)	(5,335,995)	(3,891,663)
Total district net position	<u>4,729,163</u>	<u>2,217,489</u>	<u>4,298,349</u>	<u>6,514,268</u>	<u>21,954,677</u>	<u>11,751,575</u>	<u>13,312,164</u>	<u>13,105,068</u>	<u>13,214,008</u>	<u>15,142,230</u>

Source: CAFR Schedule A-1

TOWN OF HAMMONTON SCHOOL DISTRICT
Changes in Net Position, Last Ten Fiscal Years
Unaudited

	2005	2006	2007	2008	2009	2010	2011	(Restated) 2012	2013	2014
Expenses										
Governmental activities										
Instruction										
Regular	16,287,798	18,343,345	17,826,984	19,897,236	20,399,302	21,833,680	21,995,805	22,343,706	23,104,424	23,211,784
Special education	3,336,335	3,465,175	3,895,199	3,515,516	3,616,087	3,685,328	3,776,332	4,146,570	4,471,670	4,118,687
Other instruction	769,597	1,020,856	1,032,040	1,064,603	1,237,852	1,338,591	1,126,267	1,450,845	1,579,809	1,544,098
Support Services:										
Tuition	1,012,112	497,036	657,085	783,618	689,630	627,344	820,226	1,349,883	1,631,360	1,809,423
Student & instruction related services	3,771,839	4,706,695	4,191,705	4,723,057	4,896,573	5,467,848	5,065,316	5,688,499	6,446,175	6,248,551
General administrative services	875,809	798,109	908,488	971,266	1,060,889	970,211	872,481	810,159	799,956	908,255
School administrative services	1,919,068	1,853,699	2,486,401	2,947,349	2,635,498	2,928,115	2,652,668	2,555,242	2,551,495	2,532,936
Business administrative services	1,853,622	1,870,688	1,159,896	1,161,158	1,294,613	1,175,899	870,618	968,567	1,016,998	1,020,546
Plant operations and maintenance	3,435,967	3,376,479	3,219,932	3,515,188	4,464,788	4,419,129	4,639,128	4,214,054	3,950,396	4,259,158
Pupil transportation	1,286,976	1,701,429	1,067,345	1,856,207	1,899,215	1,939,813	1,919,705	2,095,802	2,179,395	2,180,090
Capital Outlay										
Interest on long-term debt	633,543	955,730	1,439,113	1,031,095	984,436	978,539	1,303,565	1,242,891	1,200,898	1,167,844
Unallocated depreciation	97,402	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	35,280,068	38,589,241	37,884,188	41,466,293	43,178,893	45,364,497	45,042,111	46,866,218	48,932,576	49,001,372
Business-type activities:										
Food service	1,014,823	1,016,873	1,243,655	1,154,383	1,217,002	1,263,475	1,328,841	1,401,364	1,521,362	1,597,799
Child Care	132,900	63,271	63,514	80,793	69,604	87,504	101,050	88,896	99,632	93,032
Total business-type activities expense	1,147,723	1,080,144	1,307,169	1,235,176	1,286,606	1,350,979	1,429,891	1,490,260	1,620,994	1,690,831
Total district expenses	36,427,791	39,669,385	39,191,357	42,701,469	44,465,499	46,715,476	46,472,002	48,356,478	50,553,570	50,692,203
Program Revenues										
Governmental activities:										
Charges for services:										
Tuition									10,031,406	10,368,696
Transportation fees from other LEA's									106,688	89,274
Operating grants and contributions	5,611,866	6,002,675	7,211,854	7,729,233	4,879,173	5,484,198	5,474,420	6,026,604	6,692,741	6,204,617
Capital grants and contributions										
Total governmental activities program revenues	5,611,866	6,002,675	7,211,854	7,729,233	4,879,173	5,484,198	5,474,420	6,026,604	16,830,835	16,662,587
Business-type activities:										
Charges for services										
Food service	618,046	680,439	717,065	704,928	737,605	775,789	762,141	731,502	711,676	722,274
Child care	120,148	95,027	109,467	90,284	95,832	85,874	86,676	95,865	108,506	116,366
Operating grants and contributions	368,528	421,445	416,430	462,285	534,146	612,206	649,340	741,431	789,090	860,941
Capital grants and contributions										
Total business type activities program revenues	1,106,722	1,196,911	1,242,962	1,257,497	1,367,583	1,473,869	1,498,157	1,568,798	1,609,272	1,699,581
Total district program revenues	6,718,588	7,199,586	8,454,816	8,986,729	6,246,756	6,958,067	6,972,577	7,595,402	18,440,107	18,362,168
Net (Expense)/Revenue										
Governmental activities	(29,668,202)	(32,586,566)	(30,672,334)	(33,737,060)	(38,299,720)	(39,880,299)	(39,567,691)	(40,839,614)	(32,101,741)	(32,338,785)
Business-type activities	(41,001)	116,767	(64,207)	22,321	80,977	122,890	68,266	78,538	(11,722)	8,750
Total district-wide net expense	(29,709,203)	(32,469,799)	(30,736,541)	(33,714,740)	(38,218,743)	(39,757,409)	(39,499,425)	(40,761,076)	(32,113,463)	(32,330,035)

TOWN OF HAMMONTON SCHOOL DISTRICT
Changes in Net Position, Last Ten Fiscal Years
Unaudited

J-2

	2005	2006	2007	2008	2009	2010	2011	(Restated) 2012	2013	2014
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	12,187,484	13,457,287	14,521,766	15,286,742	15,551,044	15,754,360	15,873,706	15,868,258	16,147,974	16,212,385
Taxes levied for debt service	1,426,713	1,424,331	1,531,726	1,355,828	1,472,365	1,457,168	1,457,168	1,457,168	1,498,206	1,498,206
Unrestricted grants and contributions	7,460,826	7,222,920	7,301,497	9,018,736	11,953,996	12,612,680	11,993,921	13,328,842	14,349,088	16,376,166
Tuition Received	8,147,795	7,581,076	6,734,504	9,673,374	10,332,988	10,935,928	11,004,932	10,763,744		
Authorized bond proceeds					13,680,341	(11,800,000)		(1,380,341)		
Transportation fees from other LEA's	-	96,898	-	372,546	374,232	268,006	108,608	65,528		
Premium on BANS						86,725				
Investment earnings	38,461	90,020	176,431	104,908	29,673	82,818	136,986	122,949	36,456	13,302
Miscellaneous income	89,490	72,160	1,568,078	107,638	555,375	148,088	474,787	169,439	184,997	156,984
Canceled accounts payable prior year						1,913		361,812	2,372	
Prior year tuition adjustment					(294,815)					
Prior year depreciation adjustment			968,961	-						
Total governmental activities	29,350,769	29,944,692	32,802,963	35,919,772	53,655,199	29,547,686	41,050,108	40,757,399	32,219,093	34,257,043
Business-type activities:										
Investment earnings	6,775	13,433	14,392	10,886	3,953	6,621	9,906	10,943	3,310	1,214
Transfers										
Total business-type activities	6,775	13,433	14,392	10,886	3,953	6,621	9,906	10,943	3,310	1,214
Total district-wide	29,357,544	29,958,125	32,817,355	35,930,658	53,659,152	29,554,307	41,060,014	40,768,342	32,222,403	34,258,257
Change in Net Position										
Governmental activities	(317,433)	(2,641,874)	2,130,629	2,182,712	15,355,479	(10,332,613)	1,482,417	(82,215)	117,352	1,918,258
Business-type activities	(34,226)	130,200	(49,815)	33,207	84,930	129,511	78,172	89,481	(8,412)	9,964
Total district	(351,659)	(2,511,674)	2,080,814	2,215,919	15,440,409	(10,203,102)	1,560,589	7,266	108,940	1,928,222

Source: CAFR Schedule A-2

TOWN OF HAMMONTON SCHOOL DISTRICT
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
Unaudited

J-3

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Restricted							6,571,595	8,019,117	8,080,045	8,029,844
Assigned									1,057,814	316,838
Committed							379,814	195,926	82,586	82,644
Unassigned							(361,174)	(709,662)	(994,931)	(791,592)
Reserved	57,506	1,147	48,638	623,123	3,884,621	5,706,667				
Unreserved	(796,362)	(2,527,337)	(1,475,707)	318,301	(775,524)	(609,351)				
Total general fund	<u>(738,856)</u>	<u>(2,526,190)</u>	<u>(1,427,069)</u>	<u>941,424</u>	<u>3,109,097</u>	<u>5,097,316</u>	<u>6,590,235</u>	<u>7,505,381</u>	<u>8,225,514</u>	<u>7,637,734</u>
All Other Governmental Funds										
Restricted							1,697,081	161,833	139,902	(44,734)
Assigned										789,814
Committed							14,626			
Unassigned							(48,032)	134,027		
Reserved	43,839	1,707,273	257,409	72,632	2,232,790	1,737,244				
Unreserved, reported in:										
Special revenue fund	(89,166)	(89,166)	(89,166)	(110,054)	(45,752)	(46,531)				
Debt service fund	(9,717)	18,835	34,288	53,763						
Total all other governmental funds	<u>(55,044)</u>	<u>1,636,942</u>	<u>202,531</u>	<u>16,341</u>	<u>2,187,038</u>	<u>1,690,713</u>	<u>1,663,675</u>	<u>295,860</u>	<u>139,902</u>	<u>745,080</u>

Source: CAFR Schedule B-1

TOWN OF HAMMONTON SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
Unaudited

J-4

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Tax levy	13,614,197	14,881,618	16,053,492	16,642,570	17,023,409	17,211,528	17,330,874	17,325,426	17,646,180	17,710,591
Tuition charges	8,147,795	7,581,076	6,734,504	9,673,374	10,332,988	10,935,928	11,004,932	10,763,744	10,031,406	10,368,696
Transportation fees from other LEA's		96,898		372,546	374,232	268,006	108,608	65,528	108,688	89,274
Authorized bond proceeds					13,680,341					
Premium on BANS						86,725				
Interest earnings	38,461	90,020	176,431	104,908	29,673	82,818	136,986	122,949	36,456	13,302
Miscellaneous	89,490	72,160	1,568,078	107,638	555,375	148,088	474,787	169,439	184,997	156,984
Local sources					845	15,090	24,821	30,732	39,102	38,541
State sources	11,616,328	11,775,958	12,999,729	15,296,007	15,495,103	14,066,255	15,324,843	17,153,603	19,234,007	20,690,437
Federal sources	1,456,364	1,449,637	1,513,622	1,451,962	1,337,221	4,015,534	2,118,677	2,171,111	1,768,721	1,851,806
Total revenue	34,962,635	35,947,367	39,045,856	43,649,005	58,829,187	46,829,972	46,524,528	47,802,532	49,047,557	50,919,631
Expenditures										
Instruction										
Regular Instruction	12,155,534	13,578,326	13,632,222	14,263,014	14,514,741	15,737,602	16,000,702	15,953,026	15,988,102	16,429,630
Special education instruction	2,346,714	2,397,677	2,641,398	2,411,048	2,715,445	2,768,922	2,775,736	2,991,466	3,114,831	2,996,318
Other instruction	610,208	755,111	737,417	789,801	917,775	984,650	832,708	1,034,069	1,096,932	1,102,996
Support Services:										
Tuition	739,690	343,318	444,086	530,869	480,244	430,965	562,886	907,174	1,064,516	1,216,548
Student & instruction related services	2,857,850	3,432,870	3,012,741	3,454,749	3,855,442	4,288,327	3,987,763	4,508,703	5,019,181	4,972,797
General administrative services	606,880	705,599	803,757	858,373	940,582	838,312	751,321	683,550	659,991	775,753
School Administrative services	1,439,817	1,335,520	1,742,670	2,048,926	1,884,748	2,055,120	1,862,916	1,769,602	1,707,374	1,744,611
Plant operations and maintenance	2,805,954	2,942,269	2,844,734	3,096,687	3,981,895	3,868,452	3,143,460	3,319,292	3,172,144	3,450,414
Pupil transportation	1,092,639	1,397,610	844,777	1,428,176	1,480,764	1,571,381	1,576,219	1,720,327	1,738,395	1,772,024
Business administrative services	1,718,256	1,674,694	936,446	916,767	1,044,682	907,958	654,854	715,728	722,338	740,424
Unallocated employee benefits	7,307,014	7,626,474	8,526,050	9,270,248	8,526,385	9,598,786	9,348,170	10,440,306	11,260,668	11,233,264
Capital outlay	509,985	1,018,824	1,791,581	1,240,699	12,198,110	983,768	1,303,782	725,012	484,015	1,970,512
Debt service:										
Principal	424,953	444,953	464,953	624,953	649,953	643,953	1,270,000	1,205,000	1,235,000	1,310,000
Interest and other charges	1,021,757	1,003,470	986,860	1,032,392	1,005,236	976,798	1,139,830	1,263,417	1,222,267	1,186,942
Total expenditures	35,637,251	38,656,715	39,409,692	41,966,702	54,196,002	45,654,994	45,210,347	47,236,672	48,485,754	50,902,233
Excess (Deficiency) of revenues over (under) expenditures	(674,616)	(2,709,348)	(363,836)	1,682,303	4,633,185	1,174,978	1,314,181	565,860	561,803	17,398
Other Financing sources (uses)										
Prior year tuition adjustment					(294,815)					
Canceled accounts payable prior year						1,913		361,812	2,372	
Canceled bond proceeds								(1,380,341)		
Capital leases (non-budgeted)			28,500			315,003	151,700			
Increase in Maintenance Reserve				500,000						
Bond proceeds		2,614,000								
Transfers in	4,683	28,552	84,287	92,107		93,176	818,799	724,837	413,100	1,953,850
Transfers out	(4,683)	(28,552)	(84,287)	(92,107)		(93,176)	(818,799)	(724,837)	(413,100)	(1,953,850)
Total other financing sources (uses)	-	2,614,000	28,500	500,000	(294,815)	316,916	151,700	(1,018,529)	2,372	-
Net change in fund balances	(674,616)	(95,348)	(335,336)	2,182,303	4,338,370	1,491,894	1,465,881	(452,669)	564,175	17,398
Debt service as a percentage of noncapital expenditures	4.12%	3.85%	3.86%	4.07%	3.94%	3.63%	5.49%	5.31%	5.12%	5.10%

Source: CAFR Schedule B-2

TOWN OF HAMMONTON SCHOOL DISTRICT
General Fund Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Tuition Revenue</u>	<u>Transportation Fees from other LEA's</u>	<u>Misc.</u>	<u>Total</u>
2005	38,461	8,147,795		89,490	8,275,746
2006	90,020	7,581,076	96,898	72,160	7,840,154
2007	176,431	6,734,504		1,568,078	8,479,013
2008	104,908	9,673,374	372,546	107,638	10,258,466
2009	29,673	10,332,988	374,232	556,220	11,293,113
2010	82,818	10,935,928	268,006	148,088	11,434,840
2011	136,986	11,004,932	108,608	474,787	11,725,313
2012	120,451	10,763,744	65,528	169,439	11,119,162
2013	36,456	10,031,406	106,688	184,997	10,359,547
2014	13,302	10,368,696	89,274	156,984	10,628,256

Source: District Records

TOWN OF HAMMONTON SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years
Unaudited

J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax- Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2005	23,939,500	533,381,500	22,279,600	5,764,500	142,374,700	21,007,300	7,708,100	756,455,200	5,254,100	5,426,724	756,627,824	1.967	924,294,923
2006	21,518,400	567,908,100	22,690,900	5,980,700	140,103,800	21,031,700	7,708,100	786,941,700	3,573,400	4,280,750	787,649,050	2.038	1,162,989,293
2007	19,674,500	590,584,400	23,686,300	5,889,800	145,483,600	21,031,700	7,732,900	814,083,200	1,332,300	3,778,874	816,529,774	2.039	1,363,394,393
2008	19,334,600	607,801,900	23,043,600	5,842,900	147,236,700	23,512,800	7,732,900	834,505,400	2,879,100	3,605,816	835,232,116	2.038	1,493,581,717
2009	18,665,200	614,622,900	23,667,400	5,821,900	153,108,200	20,219,400	7,732,900	843,837,900	2,686,000	3,310,989	844,462,889	2.038	1,560,289,186
2010	18,359,200	617,744,600	23,051,900	5,877,300	156,430,100	20,219,400	7,732,900	849,415,400	2,592,500	3,490,780	850,313,680	2.038	1,485,264,070
2011	18,128,500	620,302,800	21,771,600	5,726,000	155,236,500	20,290,700	7,732,900	849,189,000	2,228,800	3,086,138	850,046,338	2.038	1,528,585,395
2012	17,929,300	621,441,600	22,363,700	5,689,800	179,267,900	13,320,200	7,608,200	867,620,700	928,900	3,328,262	870,020,062	2.028	1,411,600,333
2013	17,881,600	626,431,400	23,053,000	5,587,700	176,415,800	13,320,200	7,608,200	870,297,900	525,700	2,934,449	872,706,649	2.028	1,386,195,699
2014	17,158,800	629,107,800	23,171,000	5,646,100	175,014,400	13,320,200	7,608,200	871,026,500	222,000	2,550,308	873,354,808	2.082	1,324,214,087

Source: District records Tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

^a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

^b Tax rates are per \$100

TOWN OF HAMMONTON SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Rate per \$100 of Assessed Value
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Town of Hammonton Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Town of Hammon- ton	Atlantic County	
2005	1.779	0.188	1.967	0.740	0.510	3.217
2006	1.844	0.194	2.038	0.751	0.539	3.328
2007	1.873	0.166	2.039	0.755	0.513	3.307
2008	1.872	0.166	2.038	0.760	0.519	3.317
2009	1.865	0.173	2.038	0.761	0.559	3.358
2010	1.867	0.171	2.038	0.765	0.562	3.365
2011	1.867	0.171	2.038	0.769	0.656	3.463
2012	1.856	0.172	2.028	0.825	0.628	3.481
2013	1.856	0.172	2.028	0.875	0.746	3.649
2014	1.890	0.192	2.082	0.905	0.722	3.709

Source: District Records and Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

- a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
- b** Rates for debt service are based on each year's requirements.

TOWN OF HAMMONTON
Principal Property Tax Payers,
Current Year and Nine Years Ago
Unaudited

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
NJ Manufacturers Insurance Company	15,500,000		1.77%			
Kramer Beverage RE LLC	6,500,000		0.74%			
999 Grabd St. LLC	6,500,000		0.74%			
Atlantic Heath Land Holdings LLC	6,200,000		0.71%			
Rt 206 Inc.	6,065,300		0.69%			
Copper Atlantic Commerce Holdings	5,259,600		0.60%			
CSMC 2007 C2/Day Pitney LLP	5,186,100		0.59%			
Wal-Mart RE Bus Trst	4,764,700		0.55%			
Peachtree LLC	3,440,600		0.39%			
Bell Atlantic Property Tax Dept.	2,550,308		0.29%			
Zirbser - Greenbriar Inc				6,601,600		0.87%
999 Grand Ave Assoc				6,500,000		0.86%
Rt 206 Inc				5,614,000		0.74%
Bell Atlantic				5,426,724		0.72%
The TSG Grat #1, LLC				5,186,100		0.69%
1001 Grand Ave Assoc, LP				5,084,800		0.67%
Kramer Beverage Co. LLC				4,753,200		0.63%
Wal-mart RE Bus. Trust				4,553,200		0.60%
Peachtree LLC				3,440,600		0.45%
HMS of Hammonton, LLC				2,429,700		0.32%
Total	<u>61,966,608</u>		<u>7.10%</u>	<u>49,589,924</u>		<u>6.55%</u>

Source: District CAFR & Municipal Tax Assessor
District Total Taxable Value

TOWN OF HAMMONTON
Property Tax Levies and Collections,
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2005	13,614,197	13,614,197	100%	
2006	14,881,618	14,881,618	100%	
2007	16,053,492	16,053,492	100%	
2008	16,642,570	16,642,570	100%	
2009	17,023,409	17,023,409	100%	
2010	17,211,528	17,211,528	100%	
2011	17,330,874	17,330,874	100%	
2012	17,325,426	17,325,426	100%	
2013	17,646,180	17,646,180	100%	
2014	17,710,591	17,710,591	100%	

Source: District records including the Certificate and Report of School Taxes (A4F form)

Note: School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, which is the amount voted upon or certified prior to the end of the school year.

TOWN OF HAMMONTON SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2005	21,094,765		3,905,935			25,000,700	0.145%	36,223
2006	23,263,812		2,483,303			25,747,115	0.147%	37,752
2007	23,287,859		1,246,554			24,534,413	0.158%	38,787
2008	22,662,906		372,816			23,035,722	0.172%	39,709
2009	22,012,953		125,214			22,138,167	0.177%	39,289
2010	33,314,000		341,965	7,100,000		40,755,965	0.097%	39,711
2011	32,544,000		353,143			32,897,143	0.125%	41,187
2012	31,339,000		238,429			31,577,429	0.133%	42,099
2013	30,104,000		146,484			30,250,484	0.139%	42,099
2014	28,794,000		50,317			28,844,317	0.146%	42,099

Source: District CAFR Schedules I-1, I-2

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- ^a See Exhibit NJ J-13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- ^b Includes Early Retirement Incentive Plan (ERIP) refunding. Also includes funds in the amount of \$6,600,000 used to retire Bond Anticipation Notes.

TOWN OF HAMMONTON
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2005	20,881,000		20,881,000	2.76%	1,588
2006	23,100,000		23,100,000	2.93%	1,718
2007	23,174,000		23,174,000	2.84%	1,721
2008	22,599,000		22,599,000	2.71%	1,679
2009	21,999,000		21,999,000	2.61%	1,639
2010	33,314,000		33,314,000	3.92%	2,480
2011	32,544,000		32,544,000	3.83%	2,199
2012	31,339,000		31,339,000	3.60%	2,121
2013	30,104,000		30,104,000	3.46%	2,041
2014	28,794,000		28,794,000	3.30%	1,946

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit J-6 for property tax data.

b Population data can be found in Exhibit J-14.

TOWN OF HAMMONTON
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2013
Unaudited

J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Town of Hammonton	15,129,287	100.00%	15,129,287
Other debt			
Atlantic County	141,977,411	3.20%	<u>4,543,277</u>
Subtotal, overlapping debt			19,672,564
Town of Hammonton School District Direct Debt		100.00%	<u>28,844,317</u>
Total direct and overlapping debt			<u><u>48,516,881</u></u>

Sources: Town of Hammonton Finance Officer, Atlantic County Finance Office

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Hammonton. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

^a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

TOWN OF HAMMONTON SCHOOL DISTRICT
Legal Debt Margin Information,
Last Ten Fiscal Years
Unaudited

J-13

Legal Debt Margin Calculation for Fiscal Year 2014

	Equalized valuation basis	
	2013	1,312,072,818
	2012	1,367,021,767
	2011	1,411,600,333
	[A]	<u><u>4,090,694,918</u></u>
Average equalized valuation of taxable property	[A/3]	1,363,564,973
Debt limit (4 % of average equalization value)	[B]	54,542,599 a
Net bonded school debt	[C]	<u>28,794,000</u>
Legal debt margin	[B-C]	<u><u>25,748,599</u></u>

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	31,437,254	36,632,790	31,904,554	51,366,979	57,358,013	59,620,835	60,462,261	58,715,336	57,352,146	54,542,599
Total net debt applicable to limit	<u>20,881,000</u>	<u>23,100,000</u>	<u>23,174,000</u>	<u>22,599,000</u>	<u>21,999,000</u>	<u>33,314,000</u>	<u>32,544,000</u>	<u>31,339,000</u>	<u>30,104,000</u>	<u>28,794,000</u>
Legal debt margin	<u><u>10,556,254</u></u>	<u><u>13,532,790</u></u>	<u><u>8,730,554</u></u>	<u><u>28,767,979</u></u>	<u><u>35,359,013</u></u>	<u><u>26,306,835</u></u>	<u><u>27,918,261</u></u>	<u><u>27,376,336</u></u>	<u><u>27,248,146</u></u>	<u><u>25,748,599</u></u>
Total net debt applicable to the limit as a percentage of debt limit	66.42%	63.06%	72.64%	44.00%	38.35%	55.88%	53.83%	53.37%	52.49%	52.79%

Source: Abstract of Ratables and District Records CAFR Schedule J-7

TOWN OF HAMMONTON SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2005	13,147	476,224	36,223	6.50%
2006	13,448	507,689	37,752	6.50%
2007	13,464	522,228	38,787	7.20%
2008	13,463	534,602	39,709	7.20%
2009	13,420	527,258	39,289	8.90%
2010	13,433	533,438	39,711	15.60%
2011	14,797	609,444	41,187	16.00%
2012	14,779	622,181	42,099	16.20%
2013	14,751	621,002	42,099	16.80%
2014	14,799	623,023	42,099	8.40%

Source:

a Population information provided by the NJ Dept of Labor and Workforce Development

b Personal income is calculated by multiplying per capita income by the population

b Per Capita Income US Department of Commerce, Bureau of Economic Analysis

d Unemployment data provided by the NJ Dept of Labor and Workforce Development

Source:
GASB requires this table to present the principal taxpayers for the current year and nine years ago, however the information was not available.

TOWN OF HAMMONTON SCHOOL DISTRICT
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years
Unaudited

J-16

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Instruction										
Regular	186.6	186.6	202.0	206.0	213.0	213.0	208.0	203.6	191.0	199.5
Special education	48.8	48.8	64.0	81.0	95.0	96.0	86.0	62.0	66.0	60.0
Other special education								13.0	9.0	8.0
Vocational	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0
Support Services:										
Tuition										
Student & instruction related services	43.0	57.0	49.5	36.0	42.0	45.0	42.0	65.4	83.0	82.0
General administrative services	4.0	4.5	4.0	4.0	6.5	6.0	4.8	3.0	3.0	3.0
School administrative services	23.0	22.5	22.5	31.0	32.5	33.0	24.0	24.5	24.5	24.5
Business administrative services	10.0	11.0	9.0	9.0	11.5	10.0	8.0	9.0	10.0	9.5
Plant operations and maintenance	33.5	33.5	28.0	42.5	47.5	45.5	44.0	44.6	44.2	44.3
Pupil transportation	50.0	50.0	37.0	37.5	36.5	41.0	39.0	40.0	42.0	42.0
Food Service	17	17	18	17	18.5	19.5	19.5	19.0	19.0	21.0
Child Care	1	1	1	1	4	4	4	4.0	4.0	3.0
Total	<u>418</u>	<u>433</u>	<u>436</u>	<u>466</u>	<u>508</u>	<u>514</u>	<u>481</u>	<u>490</u>	<u>498</u>	<u>499</u>

Source: District Personnel Records

TOWN OF HAMMONTON SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years
Unaudited

J-17

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil	Percentage Change	Teaching Staff ^c	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2005	3,305	34,646,525	10,483	6.10%	236	1:15	1:12	1:14	3,301	3,069	1.85%	92.97%
2006	3,362	37,633,511	11,194	6.78%	236	1:15	1:12	1:14	3,367	3,133	2.00%	93.05%
2007	3,284	36,445,075	11,098	-0.86%	267	1:15	1:12	1:14	3,294	3,071	-2.16%	93.22%
2008	3,266	40,435,198	12,381	11.56%	288	1:15	1:12	1:14	3,265	3,057	-0.89%	93.63%
2009	3,395	42,194,457	12,428	0.39%	309	1:15	1:12	1:14	3,362	3,143	2.97%	93.49%
2010	3,434	44,385,958	12,925	4.00%	310	1:15	1:12	1:14	3,420	3,179	1.73%	92.95%
2011	3,551	43,738,546	12,317	-4.70%	296	1:15	1:12	1:14	3,521	3,280	2.95%	93.16%
2012	3,567	45,636,878	12,794	3.87%	281	1:15	1:12	1:14	3,540	3,312	0.54%	93.56%
2013	3,605	47,731,678	13,240	3.48%	268	1:15	1:12	1:14	3,595	3,352	1.55%	93.24%
2014	3,629	47,833,528	13,181	-0.45%	268	1:15	1:12	1:14	3,623	3,419	0.78%	94.37%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

- a Enrollment is based on the annual October district count.
- b Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-2
- c Teaching staff includes only full-time equivalents of certificated staff.
- d Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

TOWN OF HAMMONTON SCHOOL DISTRICT
School Building Information
Last Nine Fiscal Years
Unaudited

	2006	2007	2008	2009	2010	2011	2012	2013	2014
<u>District Building</u>									
<u>Early Childhood Learning Center</u>									
(2001)									
Square Feet	35,365	35,365	35,365	35,365	35,365	35,365	35,365	35,365	35,365
Capacity (students)	500	500	500	500	500	500	500	500	500
Enrollment	492	497	499	418	432	451	408	413	383
<u>Elementary</u>									
(1973)									
Square Feet	97,240	97,240	97,240	97,240	97,240	97,240	97,240	97,240	97,240
Capacity (students)	1,464	1,464	1,464	1,464	1,464	1,464	1,464	1,464	1,464
Enrollment	875	846	648	809	840	873	907	933	979
<u>Middle School</u>									
(1965)									
Square Feet	109,950	109,950	109,950	109,950	109,950	109,950	109,950	109,950	109,950
Capacity (students)	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604
Enrollment	643	648	816	849	827	811	823	816	817
<u>High School</u>									
(2002)									
Square Feet	190,641	190,641	190,641	190,641	190,641	190,641	190,641	190,641	190,641
Capacity (students)	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850
Enrollment	1,355	1,293	1,303	1,319	1,335	1,415	1,427	1,443	1,450
<u>Other</u>									
Transportation									
Square Feet	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000

Number of Schools at June 30, 2014

Early Learning Center = 1

Elementary = 1

Middle School = 1

High School = 1

Source: District records, ASSA

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.

Information for year 2005 was not available.

TOWN OF HAMMONTON SCHOOL DISTRICT
General Fund
Schedule of Required Maintenance for School Facilities
Last Ten Years
Unaudited

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-XXX

School Facilities	Project # (s)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
High School	SP99341L	139,242	111,121	99,644	134,785	330,661	147,195	286,799	187,754	170,105	262,752
Middle School	N/A	80,305	65,948	59,132	79,985	196,224	94,181	110,111	278,713	200,192	101,463
Elementary School	N/A	67,370	55,171	49,470	66,916	164,161	56,446	74,101	92,894	61,900	82,776
Early Childhood Center	SP99343	25,831	21,298	19,097	25,832	63,370	37,553	38,188	54,277	40,744	72,212
Total School Facilities		<u>312,748</u>	<u>253,538</u>	<u>227,342</u>	<u>307,518</u>	<u>754,416</u>	<u>335,375</u>	<u>509,199</u>	<u>613,638</u>	<u>472,941</u>	<u>519,203</u>
Other Facilities											
Grand Total		<u><u>312,748</u></u>	<u><u>253,538</u></u>	<u><u>227,342</u></u>	<u><u>307,518</u></u>	<u><u>754,416</u></u>	<u><u>335,375</u></u>	<u><u>509,199</u></u>	<u><u>613,638</u></u>	<u><u>472,941</u></u>	<u><u>519,203</u></u>

TOWN OF HAMMONTON SCHOOL DISTRICT

Insurance Schedule

June 30, 2014

Unaudited

	<u>Coverage</u>	<u>Deductible</u>
New Jersey School Boards Assoc. Insurance Group - Cape May Atlantic Insurance Pool		
Property Package	120,045,032	5,000
Environmental Package	1,000,000	10,000
Extra Expense	50,000,000	5,000
Valuable Papers	10,000,000	5,000
Business Income/Tuition	10,700,000	5,000
EDP	500,000	1,000
Equipment Breakdown	100,000,000	5,000
General Liability	11,000,000	
Automobile Liability	11,000,000	
Auto Phys. Damage	ACV Basis	1,000
Workers' Compensation and Supplemental Indemnity		
Workers' Compensation Part #1	Statutory	
Employers' Liability Part #2		
Each Accident/Each Employee/Limit by Disease	2,000,000	
School Leaders Errors and Omissions Liability		
Coverage A	6,000,000	5,000
Coverage B	100,000/300,000	5,000
Surety Bond - RLI Insurance Company	25,000	
Business Administrator - Barbara S. Prettyman		

Source: District Records.

Single Audit Section

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245

November 10, 2014

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Town of Hammonton School District
County of Atlantic, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Town of Hammonton School District, in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2014, which collectively comprise the Board of Education of the Town of Hammonton's basic financial statements and have issued our report thereon dated November 10, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Town of Hammonton School District, in the County of Atlantic, State of New Jersey, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town of Hammonton Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Hammonton Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Hammonton Board of Education's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

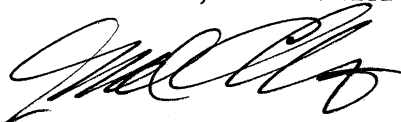
As part of obtaining reasonable assurance about whether the Town of Hammonton Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

This report is intended solely for the information and use of the audit committee, management, the Town of Hammonton Board of Education, the New Jersey Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245

November 10, 2014

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF AWARDS REQUIRED BY OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Town of Hammonton School District
County of Atlantic, New Jersey

Report on Compliance for each Major Program

We have audited the Board of Education of the Town of Hammonton School District, in the County of Atlantic, State of New Jersey, compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2014. The Town of Hammonton Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the Town of Hammonton Board of Education's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Town of Hammonton Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town of Hammonton Board of Education's compliance with those requirements.

Opinion on Each Major Program

In our opinion, the Board of Education of the Town of Hammonton School District, in the County of Atlantic, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the Board of Education of the Town of Hammonton School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Town of Hammonton Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal and or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Hammonton Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance; such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance requirement with a type of compliance requirement of a major program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiency in internal control over compliance that we consider to be a material weakness, as defined above. The Town of Hammonton School District's Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Town of Hammonton School District's Board of Education's responses and, accordingly, we express no opinion on the responses.

This report is intended for the information and use of the audit committee, management, the Town of Hammonton Board of Education, the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

TOWN OF HAMMONTON SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period	Balance 6/30/13	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Unearned Revenue 6/30/14	(Accounts Receivable) 6/30/14	Due to Grantor at 6/30/14
U.S. Department of Education											
General Fund:											
Medical Assistance Program	93.778	N/A	59,865	07/01/13-06/30/14			59,865	(59,865)			
Total General Fund					-	0	59,865	(59,865)	0	-	0
U.S. Department of Agriculture											
Passed-through State Department of Education:											
Enterprise Fund:											
Food Distribution Program	10.565	N/A	\$75,302	07/01/13-06/30/14		721	75,302	(75,723)	300		
Food Distribution Program	10.565	N/A	69,572	07/01/12-06/30/13	\$721	(721)					
National School Lunch Program	10.555	N/A	642,902	07/01/13-06/30/14			595,880	(642,902)		(47,022)	
National School Lunch Program	10.555	N/A	585,469	07/01/12-06/30/13	(22,715)		22,715				
School Snack Program	10.555	N/A	714	07/01/13-06/30/14			714	(714)			
School Snack Program	10.555	N/A	1,004	07/01/12-06/30/13							
School Breakfast Program	10.553	N/A	124,199	07/01/13-06/30/14			113,289	(124,199)		(10,910)	
School Breakfast Program	10.553	N/A	115,385	07/01/12-06/30/13	(5,009)		5009				
Total Enterprise Fund					(27,003)	0	812,909	(843,538)	300	(57,932)	0
U.S. Department of Education											
Passed-through State Department of Education:											
Special Revenue Fund:											
No Child Left Behind (N.C.L.B.):											
Title I	84.010	NCLB-1960-14	885,785	07/01/13-06/30/14			528,559	(694,426)		(165,867)	
Title I, Carryover	84.010	NCLB-1960-13	832,744	07/01/12-06/30/13	(159,564)		398,742	(247,547)		(8,369)	
Title I, Carryover	84.010	NCLB-1960-12	730,855	09/01/11-08/31/12	(17,489)		17,489				
Title II, Part A	84.367	NCLB-1960-14	73,193	07/01/13-06/30/14			50,765	(66,577)		(15,812)	
Title II, Part A, Carryover	84.367	NCLB-1960-13	74,411	07/01/12-06/30/13	(17,137)		18,549	(2,222)		(810)	
Title III, English Lang Enhancement	84.365A	NCLB-1960-14	54,845	07/01/13-06/30/14			48,992	(54,658)		(5,666)	
Title III, Eng Lang Enhance, Carryover	84.365A	NCLB-1960-13	59,015	07/01/12-06/30/13	(7,392)		12,017	(4,625)			
Title III, Eng Lang Enhance, Carryover	84.365A	NCLB-1960-12	62,364	09/01/11-08/31/12	(85)		85				
IDEA Part B, Basic Regular	84.027A	IDEA-1960-14	652,461	07/01/13-06/30/14			554,591	(635,602)		(81,011)	
IDEA Part B, Basic Reg, Carryover	84.027A	IDEA-1960-13	651,427	07/01/12-06/30/13	(83,087)		99,581	(16,494)			
IDEA Part B, Preschool	84.173	IDEA-1960-14	21,468	07/01/13-06/30/14			20,004	(20,004)			
IDEA Part B, Preschool	84.173	IDEA-1960-13	22,771	07/01/12-06/30/13	(3,778)		3,778				
Carl D. Perkins, Secondary	84.048	PERK-1960-14	37,453	07/01/13-06/30/14			29,239	(37,453)		(8,214)	
Carl D. Perkins, Secondary	84.048	PERK-1960-13	36,341	07/01/12-06/30/13	(18,397)		18,397				
Race to the Top-Phase 3	84.413A	RTTT-1960-13	58,205	07/01/12-11/30/15	(41,652)		45,385	(3,733)			
Total Special Revenue Fund					(348,581)	0	1,846,173	(1,783,341)	0	(285,749)	0
Total Federal Financial Assistance					(375,584)	0	2,718,947	(2,686,744)	300	(343,681)	0

The Accompanying Notes to Schedules of Awards and Financial Assistance are an integral part of this schedule.

TOWN OF HAMMONTON SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ended June 30, 2014

Exhibit K-4
Schedule B

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period	Balance 6/30/13	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances/ Adjustments for Prior Year Cancelled Encumbrances	Balance at June 30, 2014			MEMO	
									(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education													
General Fund:													
Equalization Aid	14-495-034-5120-078	\$11,214,703	07/01/13-06/30/14			11,214,703	59865 (11,214,703)						
Special Education Aid	14-495-034-5120-089	1,396,079	07/01/13-06/30/14									1,052,859	11,214,703
School Choice Aid	14-495-034-5120-068	1,630,286	07/01/13-06/30/14			1,396,079	(1,396,079)					131,067	1,396,079
Special Education Extraordinary Aid	14-100-034-5120-473	192,009	07/01/13-06/30/14			1,630,286	(1,630,286)					153,055	1,630,286
Special Education Extraordinary Aid	13-100-034-5120-473	154,367	07/01/12-06/30/13	(\$154,367)		154,367	(192,009)		(192,009)				192,009
Nonpublic Transportation Aid	14-495-034-5120-014	4,395	07/01/13-06/30/14										
Nonpublic Transportation Aid	13-495-034-5120-014	2,958	07/01/12-06/30/13	(2,958)		2,958	(4,395)		(4,395)				4,395
Transportation Aid	14-495-034-5120-014	132,393	07/01/13-06/30/14			132,393	(132,393)					12,429	132,393
Security Aid	14-495-034-5120-084	129,159	07/01/13-06/30/14			129,159	(129,159)					12,126	129,159
Under Adequacy Aid	14-495-034-5120-096	500,000	07/01/13-06/30/14			500,000	(500,000)					46,941	500,000
On-Behalf TPAF Non-Contributory Insurance	14-495-034-5095-006	833,337	07/01/13-06/30/14			833,337	(833,337)						833,337
Post Retirement Medical	14-495-034-5095-001	1,366,359	07/01/13-06/30/14			1,366,359	(1,366,359)						1,366,359
Reimbursed TPAF	14-495-034-5095-002	1,447,119	07/01/13-06/30/14			1,375,677	(1,447,119)		(71,442)				1,447,119
Social Security Contributions	13-495-034-5095-002	1,445,363	07/01/12-06/30/13	(71,134)		71,134							
Total General Fund				(228,459)	0	18,806,452	(18,785,974)	0	(267,846)	0	0	1,408,477	18,845,839
Special Revenue Fund:													
Preschool Education Aid	14-495-034-5120-086	447,336	07/01/13-06/30/14		33,081	447,336	(401,715)			78,702		44,734	401,715
Preschool Education Aid	13-495-034-5120-086	474,114	07/01/12-06/30/13	68,640						68,640			
Preschool Education Aid	12-495-034-5120-086	532,855	07/01/11-06/30/12	33,081	(33,081)								
N.J. Nonpublic Aid:													
Textbook Aid	14-100-034-5120-064	37,134	07/01/13-06/30/14			37,134	(36,372)				762		36,372
Textbook Aid	13-100-034-5120-064	35,667	07/01/12-06/30/13	1,038				(1,038)					
Technology Aid	14-100-034-5120-373	13,540	07/01/13-06/30/14			13,540	(13,167)				373		13,167
Technology Aid	13-100-034-5120-373	13,339	07/01/12-06/30/13	3,476				(3,476)					
Nursing Aid	14-100-034-5120-070	52,264	07/01/13-06/30/14			52,264	(52,264)				0		52,264
Nursing Aid	13-100-034-5120-070	49,504	07/01/12-06/30/13	1,804				(1,804)					
Auxiliary Services:													
Compensatory Education	14-100-034-5120-067	212,454	07/01/13-06/30/14			212,454	(125,062)				87,392		125,062
Compensatory Education	13-100-034-5120-067	169,724	07/01/12-06/30/13	60,697				(60,697)					
Transportation	14-100-034-5120-068	11,438	07/01/13-06/30/14			11,438	(3,915)				7,523		3,915
Transportation	13-100-034-5120-068	23,031	07/01/12-06/30/13	16,677				(16,677)					
Home Instruction	13-100-034-5120-067	3,935	07/01/13-06/30/14	(3,935)		3,935							
English as a Second Language	14-100-034-5120-067	11,348	07/01/13-06/30/14			11,348					11,348		
English as a Second Language	13-100-034-5120-067	853	07/01/12-06/30/13	853				(853)					
Handicapped Services:													
Examination & Classification	14-100-034-5120-066	65,607	07/01/13-06/30/14			65,607	(48,246)				17,361		48,246
Examination & Classification	13-100-034-5120-066	45,256	07/01/12-06/30/13	14,202				(14,202)					
Corrective Speech	14-100-034-5120-066	79,682	07/01/13-06/30/14			79,682	(12,890)				66,792		12,890
Corrective Speech	13-100-034-5120-066	31,248	07/01/12-06/30/13	18,436				(18,436)					
Supplemental Instruction	14-100-034-5120-066	50,650	07/01/13-06/30/14			50,650	(31,013)				19,637		31,013
Supplemental Instruction	13-100-034-5120-066	33,998	07/01/12-06/30/13	11,241				(11,241)					
Total Special Revenue Fund				226,210	0	985,388	(724,644)	(128,424)	0	147,342	211,188	44,734	724,644
New Jersey School Development Authority													
Capital Projects Fund:													
HVAC Replacement Project at the Middle School	1960-060-14-1002	1,503,611	4/10/14-Completion				(535,485)		(535,485)				535,485
Window Upgrade Project at the Middle School	1960-060-14-1003	441,751	4/10/14-Completion				(283,298)		(283,298)				283,298
				0	0	0	(818,783)	0	(818,783)	0	0	0	818,783
State Department of Education													
Debt Service Fund	14-495-034-5120-017	395,202	07/01/13-06/30/14			395,202	(395,202)						395,202
State Department of Agriculture													
Enterprise Fund:													
State School Lunch Program	14-100-010-3360-023	17,403	07/01/13-06/30/14			15,251	(17,403)		(2,152)				17,403
State School Lunch Program	13-100-010-3360-023	17,149	07/01/12-06/30/13	(1,609)		1,609							
				(1,609)	0	16,860	(17,403)	0	(2,152)	0	0	0	17,403
Total State Financial Assistance				(\$3,858)	0	20,203,902	(20,742,006)	(128,424)	(1,088,781)	147,342	211,188	1,453,211	20,801,871

The Accompanying Notes to Schedules of Awards and Financial Assistance are an integral part of this schedule.

Town of Hammonton School District
Notes to the Schedules of Financial Assistance
June 30, 2014

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Town of Hammonton School District. The Board of Education is defined in Note 1(A) to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

The net adjustment to reconcile from budgetary basis to GAAP basis is \$(96,708) for the general fund and \$11,277 for the special revenue fund. See the following schedules and Note 1(E)9 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. There are no differences in the reporting of the food service or debt service funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

Town of Hammonton School District
Notes to the Schedules of Financial Assistance
June 30, 2014

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
State Assistance:				
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of State Financial Assistance	\$18,845,839	724,644	818,783	20,389,266
Difference – budget to "GAAP" Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).				
	(96,708)	2,677		(94,031)
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances	<u>\$18,749,131</u>	<u>727,321</u>	<u>818,783</u>	<u>20,295,235</u>

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$59,865	18,749,131	18,808,996
Special Revenue Fund	1,791,941	727,321	2,519,262
Capital Projects Fund		818,783	818,783
Debt Service Fund		395,202	395,202
Food Service Fund	843,538	17,403	860,941
Total Awards and Financial Assistance	<u>\$2,695,344</u>	<u>20,707,840</u>	<u>23,403,184</u>

Town of Hammonton School District
Notes to the Schedules of Financial Assistance
June 30, 2014

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Federal Assistance:			
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of Federal Awards	59,865	1,783,341	1,843,206
Difference – budget to "GAAP" Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
		8,600	8,600
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balances	59,865	1,791,941	1,851,806

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amounts reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the district for the year ended June 30, 2014. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2014.

NOTE 6. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate Federal programs as defined in OMB Circular A-133; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditure of Federal Awards. The district does not operate any schoolwide programs.

**TOWN OF HAMMONTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness (es) identified? _____ yes X no

2) Significant deficiencies identified? _____ yes X none reported

Noncompliance material to basic financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

1) Material weakness (es) identified? _____ yes X no

2) Significant deficiencies identified? _____ yes X no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? _____ yes X no

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000.00

Auditee qualified as low-risk auditee? X yes _____ no

State Awards

Identification of major programs:

Equalization Aid
Special Education Categorical Aid
School Choice Aid
Security Aid
Reimbursed TPAF Social Security Contributions

**TOWN OF HAMMONTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)**

Section II - Financial Statement Findings

Finding: NONE

Criteria or specific requirement:

Condition:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**TOWN OF HAMMONTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)**

**Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs**

FEDERAL AWARDS

Finding: NONE

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**TOWN OF HAMMONTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)**

**Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs**

STATE FINANCIAL ASSISTANCE

Finding: NONE

Program

Criteria or specific requirement:

Condition:

Questioned Costs: None

Context:

Effect:

Cause:

Recommendation:

Management's response:

**TOWN OF HAMMONTON SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

This section identifies the status of prior - year findings related to the basic financial statements and Federal and State awards that are required to be reported in accordance with Chapter 6.12 Government Auditing Standards, U.S. OMB Circular A-133 (Section .315 (a) (b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR - YEAR FINDINGS

Finding: Finding 2013-1

Condition: Net cash resources exceeded three months average expenditures.

Current Status: Corrective action has been taken.